

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FEDERAL COMPLIANCE AUDIT REPORT

OF

SULLIVAN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
09/26/2024



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance .....	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-25
Auditee-Prepared Document:	
Corrective Action Plan .....	28-32
Other Reports.....	33

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Amy Scarbrough	01-01-23 to 12-31-24
County Treasurer	Janna J. Johnson Stephanie Goodman	01-01-23 to 03-03-24 03-04-24 to 12-31-24
Clerk of the Circuit Court	Tonya Bedwell	01-01-23 to 12-31-24
County Sheriff	Jason Bobbitt	01-01-23 to 12-31-24
County Recorder	Christine Knotts	01-01-23 to 12-31-24
President of the Board of County Commissioners	Ray E. McCammon Robert A. Davis	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Logan Pearison Jeffrey R. Scales	01-01-23 to 12-31-23 01-01-24 to 12-31-24



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Sullivan County (County), for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated September 11, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002.

***Sullivan County's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE  
Deputy State Examiner

September 11, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinions***

We have audited Sullivan County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2023.

**Basis for Qualified and Unmodified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

***Matters Giving Rise to Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds***

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2023-003 for Allowable Costs/Cost Principles and items 2023-004 and 2023-005 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, and 2023-005, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated September 11, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

September 11, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

SULLIVAN COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Justice</u>				
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	VOCA-2022-00016	\$ 36,084
Crime Victim Assistance				36,084
Total - Department of Justice				<u>36,084</u>
<u>Department of Transportation</u>				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	Direct	20.106	3-18-0080-026-2023	<u>772,789</u>
Airport Improvement Program				772,789
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 2201119	<u>19,418</u>
Highway Planning & Construction				19,418
Total - Department of Transportation				<u>792,207</u>
<u>Department of the Treasury</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		21.027		
American Rescue	Direct		YR 2023	439,116
State Water Infrastructure Funds	Indiana Finance Authority		SWIF221677	<u>1,789,715</u>
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				<u>2,228,831</u>
Total - Department of the Treasury				<u>2,228,831</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness	Indiana Department of Health	93.069		
Emergency Preparedness			EP062023	5,306
Emergency Preparedness			EP052023	6,224
Emergency Preparedness			EP042023	1,565
Emergency Preparedness			EP032023	1,482
Emergency Preparedness			EP022023	276
Emergency Preparedness			EP012023	819
Emergency Preparedness			EP2023SUPPL	6,216
Emergency Preparedness			EP12022	1,503
Emergency Preparedness			EP112022	1,223
Emergency Preparedness			EP092023	1,526
Emergency Preparedness			EP082024	<u>3,277</u>
Total - Public Health Emergency Preparedness				<u>29,417</u>

SULLIVAN COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Immunization Cooperative Agreements Immunization Cooperative Agreements	Indiana Department of Health	93.268	NH23IP922631	<u>52,257</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Public Health Emergency Response	Indiana Department of Health	93.354	40093354CPHWS22	<u>113,000</u>
Child Support Services Clerk IV-D Incentive Clerk Child Supp Reim Title IV-D Incentive Earned Indirect Costs Prosecutor IV-D Incentive Prosecutor Child Supp Reimb Court Support Reimbursement	Indiana Department of Child Services	93.563	Clerk IV D Incentive Clerk Reimbursement County IV D Incentive Indirect Costs Prosecutor IV D Incentive Prosecutor Reimbursement Court Reimbursement	12,600 14,174 16,744 41,688 8,871 133,154 <u>19,073</u>
Total - Child Support Services				<u>246,304</u>
Foster Care Title IV-E Foster Care Foster Care	Indiana Department of Health	93.658	025IVECHNDEFF23 025IVEFCADM_F23	2,137 <u>3,205</u>
Total - Foster Care Title IV-E				<u>5,342</u>
Total - Department of Health and Human Services				<u>446,320</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants Dept of Homeland Security Dept of Homeland Security	Indiana Department of Homeland Security	97.042	FR-2022-EMPGS-00677 FR-2022-EMPGC-00674	20,951 <u>20,000</u>
Total - Emergency Management Performance Grants				<u>40,951</u>
Total - Department of Homeland Security				<u>40,951</u>
Total federal awards expended				<u>\$ 3,544,393</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SULLIVAN COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Coronavirus State and Local Fiscal Recovery Funds**

The County was awarded a State Water Infrastructure and Transportation & Storm Water Grant Programs (SWIF/TNSW) grant from the Indiana Finance Authority (IFA). The funding source for the SWIF/TNSW grant awards is the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant. As the IFA maintained custody of the grant funds and disbursed them on the County's behalf, some of the activity for the SLFRF grant that is presented on the SEFA is not presented as receipts and disbursements in the financial statement of the County.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	Unmodified
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2023-001**

Subject: Financial Close and Reporting - County Auditor  
Audit Findings: Material Weakness

*Condition and Context*

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the County's Annual Financial Report (AFR) and financial statement. The County had not designed and implemented a proper system of internal controls related to financial close and reporting. One employee prepared and submitted the financial information into the AFR on the Gateway system without a documented review or oversight process in place to prevent, or detect and correct, errors in the financial information prior to submission.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management of the County had not established a proper system of internal controls that would have ensured proper reporting of the financial statement. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies should reflect the County's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements or irregularities.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-002**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The County is required to file financial reports after the close of each year. The reports are to be filed electronically as prescribed.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County filed its reports as prescribed; however, internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA), had not been established. The County Auditor prepared and submitted the federal award information into Gateway without a documented review or oversight process in place to prevent, or detect and correct, errors in the federal expenditure information prior to submission.

The lack of internal controls over the preparation of the SEFA resulted in the following errors:

- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds grant expenditures were understated by \$1,789,715.
- The Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs expenditures were overstated by \$208,882.
- The Immunization Cooperative Agreements grant expenditures were understated by \$52,257.
- The Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response grant expenditures were understated by \$113,000.
- The Child Support Services grant expenditures were understated by \$107,491.
- Five grants had individual immaterial errors, which resulted in misstatements of expenditures of \$62,585 in total.
- Two grants incorrectly reported subrecipients in the amount of \$799,740 in total.
- Other errors included incorrect program names and identifying numbers.

Audit adjustments were proposed, approved by the County, and made to the SEFA presented in this report.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - (i) Effectiveness and efficiency of operations;
  - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

*Cause*

Management of the County had not established a system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2023-003**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Allowable Costs/Cost Principles  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): YR 2023  
Compliance Requirements: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The County elected to receive the standard revenue loss allowance, allowing it to claim its total COVID-19 - Coronavirus State and Local Fiscal Recovery Fund (SLFRF) allocation of \$4,014,711 as revenue loss to use for government services. As such, all SLFRF program funds to date were expended under the revenue loss eligible use category. The U.S. Department of the Treasury (Treasury) determined that there are no subawards under this eligible use category and that recipients' use of revenue loss funds would not give rise to subrecipient relationships as there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

On May 11, 2021, the Board of County Commissioners passed Ordinance 2021-07 that created a new fund and adopted the American Rescue Plan (ARP). The Ordinance included the procedures for spending the ARP funding which included the following:

- The Board of County Commissioners will establish the plan, conditions, and rules upon which the funds are to be requested and used.
- Funds shall be appropriated by the County's fiscal body before use.
- All expenditure of funds shall be approved by the Board of County Commissioners with any and all claims to be paid from the County's ARP fund.

The County Council approved appropriations for all eleven expenditures from the ARP fund in 2023. All eleven expenditures were tested for compliance with the Allowable Costs/Cost Principles compliance requirement. Two of the eleven expenditures, totaling \$44,500, did not have adequate supporting documentation to determine the allowability of the cost.

In addition, the County did not have written procedures for determining the allowability of costs in accordance with subpart E of 2 CFR 200.

The lack of effective internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.302(b)states:

"The financial management system of each non-Federal entity must provide for the following . . .

- (7) Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award."

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The lack of internal controls allowed for the County to charge questionable expenditures to the SLFRF program that could be requested to be returned by the Treasury. The County also did not adopt the required written procedures for determining allowability of costs for federal awards.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, costs that were not adequately documented were paid for with federal funds.

*Questioned Costs*

Known questioned costs of \$44,500 were identified as detailed in the *Condition and Context*.

*Recommendation*

We recommend the County's management establish a proper system of internal controls and develop policies and procedures to ensure costs are allowable for SLFRF award funds.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-004**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery  
Funds - Procurement and Suspension and Debarment  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): SWIF221677  
Pass-Through Entity: Indiana Finance Authority  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

*Procurement - Policy*

The County had not established a purchasing policy that would reflect applicable state laws and regulations, including procedures to avoid the acquisition of unnecessary or duplicative items; procedures to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured; and did not maintain written standards of conduct covering conflicts of interest and governing actions of its employees engaged in the selection, award, and administration of contracts.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Procurement and Suspension and Debarment*

The County entered into an interlocal agreement with the City to procure services for a Sewer Lift Station Improvement/Line Extension to the New County Jail project. Per the agreement, the City would be responsible for all the procurement and suspension and debarment processes involved in the project, and the County would be responsible for the compliance with all grant funding for the project.

On September 23, 2021, the County received notification that it was eligible to receive \$1,900,000 from the Indiana Finance Authority (IFA) for a SWIF grant from SLFRF funds with the intention of using the funding for the Sewer project shared by the County and City. The notification stated that co-funding would be provided by the County and that the County could enter into the SWIF grant agreement with the IFA once the funding was secure. On February 24, 2022, the City's Common Council approved a bid with B & T Drainage for the project. On March 6, 2022, the County Council approved a \$2,330,000 appropriation from its SLFRF funds for co-financing of the project and, on the same day, signed a grant agreement with the IFA for the SWIF grant funded with SLFRF funds totaling \$2,300,000. The project was completed as of December 31, 2023.

The County did not provide any of the following documentation requested to verify compliance with the procurement and suspension and debarment requirements for the SWIF funds spent on the project:

- Copy of the original contract for \$3,965,507.
- Copy of any change orders.
- Copy of the Board minutes where the bid was awarded by the Common Council.
- Copy of the original bids made on the project.
- Copy of documentation that vendor was not suspended or debarred.

The lack of internal controls and lack of appropriate supporting documentation was isolated to the project noted above.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.318 states in part:

"(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327. . . .

(c)

(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. . . .

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award. . . .

(b) *Formal procurement methods.* When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless a non-competitive procurement can be used in accordance with § 200.319 or paragraph (c) of this section. The following formal methods of procurement are used for procurement of property or services above the simplified acquisition threshold or a value below the simplified acquisition threshold the non-Federal entity determines to be appropriate:

(1) *Sealed bids.* A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (ii) If sealed bids are used, the following requirements apply:
- (A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
  - (B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
  - (C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
  - (D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
  - (E) Any or all bids may be rejected if there is a sound documented reason.  
..."

31 CFR 19.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the *EPLS*; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The County participated in a joint project with the City in which the City handled the procurement process. As the County was ultimately responsible for compliance, copies of the quotes or bids obtained by the City should have been obtained by the County; however, this documentation was not obtained or provided for audit. In addition, documentation to demonstrate the City checked the vendor was not suspended or debarred prior to entering into the contract should have been obtained by County.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure that the services obtained provided full and open competition or the basis of the price. In addition, the County cannot ensure the vendors paid were eligible to participate in federal programs. Any program funds the County used to pay vendors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Noncompliance with the provisions of federal regulations and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended the County establish documented procurement procedures consistent with state and local laws for the acquisition of property or services required under a federal award or subaward as outlined in the code of federal regulations. We also recommended the County adhere to the procurement and suspension and debarment requirements and obtain required bids and verify that all vendors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into any covered transactions. Finally, we recommended the County obtain and retain appropriate documentation for all expenses paid with SLFRF funds.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2023-005**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery  
Funds - Procurement and Suspension and Debarment  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): YR 2023  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The County elected to receive the standard revenue loss allowance, allowing it to claim its total COVID-19 - Coronavirus State and Local Recovery Funds (SLFRF) allocation of \$4,014,711 as revenue loss to use for government services. As such, all SLFRF program funds to date were expended under the revenue loss eligible use category. The U.S. Department of the Treasury (Treasury) determined that there are no subawards under this eligible use category and that recipients' use of revenue loss funds would not give rise to subrecipient relationships as there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

Prior to entering into subawards and covered transactions with SLFRF award funds, recipients are required to verify that such contracts and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under procurement and nonprocurement transactions (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person. Due to the Treasury's determination that the revenue loss eligible use category does not give rise to subawards, the County was only required to comply with suspension and debarment requirements related to covered transactions.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Upon inquiry of the County to determine its policies and procedures related to suspension and debarment requirements, the County stated that they did not have policies or procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded or disqualified from participating in federal assistance programs or activities. Covered transactions paid to seven different vendors, totaling \$403,071, for goods or services that equaled or exceeded \$25,000 that were paid from ARP funds were identified and tested. After examination, the County had not verified the vendor's suspension and debarment status for any of the seven vendors prior to issuing payment.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

31 CFR 19.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the *EPLS*; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The County had not established a system of internal controls for suspension and debarment. The County did not verify any covered transactions identified in testing that they were not suspended or debarred prior to entering into the covered transaction.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure the vendors paid with federal funds are eligible to participate in federal programs. Any program funds the County used to pay vendors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them. Furthermore, noncompliance with the provisions of federal statutes, regulations, and the terms and conditions or the federal award could result in the loss of future federal funding to the County.

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the County establish a proper system of internal controls and develop policies and procedures to ensure contractors, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts with those vendors.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.

# Amy L. Scarbrough

*Sullivan County Auditor*

*"Proudly Serving Sullivan County"*

---

## CORRECTIVE ACTION PLAN

### **FINDING 2023-001**

**Finding Subject:** Financial Close and Reporting – County Auditor

#### **Summary of Finding:**

The County Auditor prepared the Annual Financial Report and uploaded the report to the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the financial statement, without an oversight or review process in place.

**Contact Person Responsible for Corrective Action:** Amy Scarbrough

**Contact Phone Number and Email Address:** (812)268-4491; ascarbrough@sullivancounty.in.gov

**Views of Responsible Officials:** We concur with the finding.

#### **Description of Corrective Action Plan:**

The County Auditor will prepare the Annual Financial Report on Gateway, and the Deputy Auditor will review the completed report prior to its submission on Gateway.

**Anticipated Completion Date:** February 2025

## CORRECTIVE ACTION PLAN

### **FINDING 2023-002**

**Finding Subject:** Preparation of the Schedule of Expenditures of Federal Awards

#### **Summary of Finding:**

The County Auditor prepared the Annual Financial Report and uploaded the report to the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the Schedule of Expenditures of Federal Awards (SEFA), without an oversight or review process in place. Multiple errors were identified including the COVID-19 – Coronavirus State and Local Fiscal Recover Funds grant expenditures being understated by \$1,789,715.

**Contact Person Responsible for Corrective Action:** Amy Scarbrough

**Contact Phone Number and Email Address:** (812)268-4491 ascarbrough@sullivancounty.in.gov

**Views of Responsible Officials:** We concur with the finding.

#### **Description of Corrective Action Plan:**

The County Auditor received training related to what amounts should be reported on the SEFA to better understand what should be reported on the SEFA to improve accurate reporting. In addition, the County Auditor will prepare the Annual Financial Report on Gateway, and the Deputy Auditor will review the completed report prior to its submission on Gateway.

**Anticipated Completion Date:** February 2025

## CORRECTIVE ACTION PLAN

### **FINDING 2023-003**

**Finding Subject:** COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Allowable Costs/Cost Principles

#### **Summary of Finding:**

The County Council did not have an Allowable Cost policy in place during the audit period and supporting contracts for agreements with recipients of the grant funds could not be provided for the audit.

**Contact Person Responsible for Corrective Action:** Amy Scarbrough

**Contact Phone Number and Email Address:** 812-268-4491 [ascarbrough@sullivancounty.in.gov](mailto:ascarbrough@sullivancounty.in.gov)

**Views of Responsible Officials:** We concur with the finding

**Description of Corrective Action Plan:** We concur with the finding.

The County will adopt an allowable cost policy and the County Auditor will review all supporting documentation with claims to ensure that proper contracts or interlocal agreements are included with the claims for of the grant.

**Anticipated Completion Date:** October, 2024

## CORRECTIVE ACTION PLAN

### **FINDING 2023-004**

**Finding Subject:** COVID-19 - Coronavirus State and Local Fiscal Recovery Funds – Procurement and Suspension and Debarment

#### **Summary of Finding:**

The County entered into an interlocal agreement with the City of Sullivan to procure services for a Sewer Lift Station Improvement/Line Extension to the New County Jail project. The County could not provide any documentation required to verify compliance with the procurement and Suspension and Debarment requirements for the SWIF funds spent on the project.

**Contact Person Responsible for Corrective Action:** Amy Scarbrough

**Contact Phone Number and Email Address:** (812)268-4491 [ascarbrough@sullivancounty.in.gov](mailto:ascarbrough@sullivancounty.in.gov)

**Views of Responsible Officials:** We concur with the finding.

#### **Description of Corrective Action Plan:**

The County will adopt a procurement policy. In addition, the County will work with the City of Sullivan to obtain the necessary documentation related to the interlocal agreement and maintain the documentation for future audit periods.

**Anticipated Completion Date:** October, 2024

## CORRECTIVE ACTION PLAN

**FINDING** 2023-005

**Finding Subject:** COVID-19 - Coronavirus State and Local Fiscal Recovery Funds – Procurement and Suspension and Debarment

**Summary of Finding:**

The County did not have policies or procedures in place to verify that an entity that the county would do business with was not suspended, debarred, or otherwise excluded from participating in federal assistance programs or activities.

**Contact Person Responsible for Corrective Action:** Amy Scarbrough

**Contact Phone Number and Email Address:** (812)268-4491 ascarbrough@sullivancounty.in.gov

**Views of Responsible Officials:** We concur with the finding.

**Description of Corrective Action Plan:**

The County will require, from all vendors that the county will spend \$25,000 with in a calendar year using federal funds, a certificate stating that they are not suspended, debarred or otherwise excluded from participating in federal assistance programs. The County Auditor will maintain a copy of the certification in their office.

**Anticipated Completion Date:** October, 2024

## OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.