

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

ELKHART COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

05/24/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Patricia A. Pickens	01-01-22 to 12-31-24
County Treasurer	Tina M. Bontrager	01-01-22 to 12-31-24
Clerk of the Circuit Court	Christopher J. Anderson	01-01-22 to 12-31-24
County Sheriff	Jeffery A. Siegel	01-01-22 to 12-31-24
County Recorder	Jennifer L. Doriot Kaala Baker	01-01-22 to 12-31-22 01-01-23 to 12-31-24
President of the Board of County Commissioners	Suzanne M. Weirick Brad Rogers	01-01-22 to 12-31-22 01-01-23 to 12-31-24
President of the County Council	Thomas W. Stump	01-01-22 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  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF ELKHART 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 statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elkhart County (County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 15, 2024.

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

In planning and performing our audit of the financial statements, 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 statements, 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 statements 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 2022-001 and 2022-002, 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  
STATEMENTS 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 statements are 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 2022-002.

***Elkhart 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 statements, 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

May 15, 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 ELKHART COUNTY, INDIANA

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

***Qualified and Unmodified Opinions***

We have audited Elkhart 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, 2022. 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 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)***

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 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) for the year ended December 31, 2022.

***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, 2022.

**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.

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)

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.

*Matter Giving Rise to Qualified Opinion on Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)*

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED), as described in item 2022-005 for Procurement and Suspension and Debarment. Compliance with such a requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Other Matter - Federal Expenditures Not Included in the Compliance Audit***

The County's basic financial statements include the operations of the Elkhart Public Library, the Middlebury Public Library, the Nappanee Public Library, and the Wakarusa Olive-Harrison Township Public Library, which are component units of the County. Expenditures of federal awards for these component units, if any, are not included in the County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2022. Our compliance audit, described in the *Qualified and Unmodified Opinions* paragraph, did not include the operations of the Elkhart Public Library, the Middlebury Public Library, the Nappanee Public Library, and the Wakarusa Olive-Harrison Township Public Library as component units are legally separate entities of the County and are subject to separate audits, as applicable in accordance with Indiana state statutes or regulations, and the audit requirements of the Uniform Guidance.

***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.

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)

- 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.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these 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 2022-003, 2022-004, 2022-005, and 2022-006, to be material weaknesses.

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)

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.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 15, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

May 15, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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ELKHART COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<b>Department of Agriculture</b>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program 4925-980			FY2022	\$ -	\$ 18,667
Total - School Breakfast Program				-	18,667
National School Lunch Program					
School Lunch Program 4925	Indiana Department of Education	10.555			
4925-981 National School Lunch Program			FY2022 Supply Chain Assistance	-	31,801
Total - National School Lunch Program				-	5,829
Total - Child Nutrition Cluster				-	37,630
WIC Special Supplemental Nutrition Program for Women, Infants, and Children					
Women Infant Child Grant 8101-612	Indiana Department of Health	10.557			
Breastfeeding PEER Counselor 8102-981			400100557WICAD23	-	22,207
Women Infant Child Grant 8101-312			400100557WPCG023	-	2,591
Breastfeeding PEER Counselor 8102-980			400100557WICAD22	-	1,096,702
			400100557WPCG022	-	99,537
Total - WIC Special Supplemental Nutrition Program for Women, Infants, and Children				-	1,221,037
Total - Department of Agriculture				-	1,277,334
<b>Department of Justice</b>					
Crime Victim Assistance					
V.O.C.A Grant 1000-159	Indiana Criminal Justice Institute	16.575			
			VOCA-2022-00032	-	155,702
Violence Against Women Formula Grants					
8108 Stop Grant	Indiana Criminal Justice Institute	16.588			
			Stop-2021-00007	-	23,332
Equitable Sharing Program					
County Seizure of Assets 4912	Direct Grant	16.922			
			IN020015A	-	89,530
Total - Department of Justice				-	268,564
<b>Department of Transportation</b>					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
Bridge Replacement - Bridge 312 on CR142 over Turkey Creek	Indiana Department of Transportation	20.205			
Bridge Replacement - Bridge 145 on CR26 over Baugo Creek			Des 1900465	-	33,061
Bridge Replacement - Bridge 233 on CR26 over Yellow Creek			Des 1902829	-	101,366
CountyWide Bridge Inspection and Inventory Program 2022-2023			Des 2003071	-	51,870
Intersection Improvements - CR18 at CR13 and CR115 Intersections			Des 2100291	-	78,945
Bridge Replacement - Bridge #152			Des 1401749	-	281,236
Bike/Pedestrian Facilities CR17			Des 1700309	-	153,706
Road Reconstruction - CR40 from SR19 to CR7			Des 1700310	-	123,114
CountyWide Bridge Inspection and Inventory Program 2018-2021			Des 1702848	-	252,828
CR17 (Phase 1) from CR142 to CR38			Des 1592887	-	56,244
			Des 1900486	-	82,624
Total - Highway Planning and Construction				-	1,214,994
Total - Highway Planning and Construction Cluster				-	1,214,994

ELKHART COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Highway Safety Cluster State and Community Highway Safety Highway Safety Program - Operation Pull Over 8113	Indiana Criminal Justice Institute	20.600	CHIRP-2022-00026	-	39,489
National Priority Safety Programs Highway Safety Program - Operation Pull Over 8113	Indiana Criminal Justice Institute	20.616	CHIRP2022-00026	-	132
Total - Highway Safety Cluster				-	39,621
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Highway Safety Program - DUI Taskforce 8141	Indiana Criminal Justice Institute	20.608	CHIRP2022-00026	-	6,008
Interagency Hazardous Materials Public Sector Training and Planning Grants 8174 2022 HMEP LEPC Comod Flow 1 8175 2022 HMEP LEPC Comod Flow 2 8176 2022 HMEP LEPC 1 Exerc & Train 20.703 FFY 2020 HMEP #2 20.703 FFY 2020 HMEP 9144	Indiana Department of Homeland Security	20.703	HMEP-2022-2022 HEMP LEPC Comm HMEP-2022-2022 HEMP LEPC Comm HMEP-2022-2022 HMEP LEPC 1 Ex 693JK31940014HMEP 693JK31940014HMEP	- - - - -	15,000 15,000 14,000 8,000 15,000
Total - Interagency Hazardous Materials Public Sector Training and Planning Grants				-	67,000
Total - Department of Transportation				-	1,327,623
<u>Department of the Treasury</u>					
COVID-19: Emergency Rental Assistance Program CRRSAA Emer Rental Assistance	Direct Grant	21.023	FY 2021	-	187,985
COVID-19: Coronavirus State and Local Fiscal Recovery Funds 8183 21.027 Elevated Blood Lead Lvl ARP Coronavirus LFR Fund	Indiana Department of Health Direct Grant	21.027	400ARPHLTHISSCH Account ID 20-1892-0-1-806	- -	10,501 2,049,477
Total - COVID-19: Coronavirus State and Local Fiscal Recovery Funds				-	2,059,978
Total - Department of the Treasury				-	2,247,963
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Public Health Preparedness Grant 8119-981 Public Health Preparedness Grant 8119-980	Indiana Department of Health	93.069	40093069PHEPA23 NU90TP922052	- -	12,113 24,629
Total - Public Health Emergency Preparedness				-	36,742
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) SAMSHA System of Care	Direct Grant	93.104	1H79SM082981-01	914,863	914,863
COVID-19: Immunization Cooperative Agreements Immunization Vaccines Children - 981	Indiana Department of Health	93.268	NH23IP922631	-	367,970

ELKHART COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
COVID-19: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) 8904-981 CARES Epidemiology & Lab	Indiana Department of Health	93.323	NU50CK000503	-	188,779
Child Support Enforcement	Indiana Department of Child Services	93.563			
Title IV-D Reimbursements Prosecuting Attorney 1000-158			FY2022	-	1,380,272
Title IV-D Reimbursements County General (courts) 1000-172			FY2022	-	201,019
Clerk IV-D Incentive 8899			FY2022	-	61,873
Indirect Costs General 1000			FY2022	-	236,356
Title IV-D Reimbursements Clerk 1000-101			FY2022	-	142,184
County IV-D Incentive 8895			FY2022	-	2,862
Prosecutor IV-D Incentive 8897			FY2022	-	339,136
Total - Child Support Enforcement				-	2,363,702
Foster Care Title IV-E 8179 93.658 Title IV-E Foster Care	Indiana Public Defender Commission	93.658	20220014	-	7,811
Opioid STR	Indiana Supreme Court	93.788			
Justice Partners Addictions 9146-983			22-5JC89-C20-001	-	5,318
Justice Partners Addictions 9146-984			22-5JC89-C20-001	-	44,162
Total - Opioid STR				-	49,480
COVID-19: Block Grants for Prevention and Treatment of Substance Abuse 8180 Community Coordination	Indiana Family and Social Services Administration	93.959	62251	-	35,099
Total - Department of Health and Human Services				914,863	3,964,446
<b><u>Department of Homeland Security</u></b>					
COVID-19: Emergency Management Performance Grants 8172 2021 EMPG Comp EMA Vehicle	Indiana Department of Homeland Security	97.042	EMPGC-2021-2021	-	40,000
Emergency Management Performance Grants Emergency Management Salary Reimbursement 1000-137	Indiana Department of Homeland Security	97.042	C44P-5-012B	-	67,024
Total - Emergency Management Performance Grants				-	107,024
Total - Department of Homeland Security				-	107,024
Total federal awards expended				<u>\$ 914,863</u>	<u>\$ 9,192,954</u>

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

ELKHART 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, 2022. 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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component units	Unmodified
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements 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
	Highway Planning and Construction Cluster	Unmodified
21.207	COVID-19: Coronavirus State and Local Fiscal Recovery Funds	Unmodified
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Qualified

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

Auditee qualified as low-risk auditee? no

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II - Financial Statement Findings**

**FINDING 2022-001**

Subject: Financial Transactions and Reporting - Primary Government  
Audit Finding: Material Weakness

*Condition and Context*

There was a deficiency in the internal control system of the County related to financial transactions and reporting. The County had not separated incompatible activities related to the total other post-employment benefits (OPEB) liability. One employee prepared and submitted the census data to the actuary without a documented oversight, review, or approval process to ensure the census data was accurate.

*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*

A proper system of internal controls over the total OPEB liability was not designed by management of the County, which would include segregation of key functions to ensure the total OPEB liability was appropriately reported. 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 affect 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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

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

**FINDING 2022-002**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-003.

*Condition and Context*

The preliminary Schedule of Expenditures of Federal Awards (SEFA) was compiled by the County Grant Administrator and emailed to the Deputy County Auditor, County Auditor, and the financial consultant. Once the preliminary SEFA compilation was reviewed and approved, the County Grant Administrator entered the information into the Indiana Gateway for Government Units (Gateway) financial reporting system. The County Auditor was then notified by the County Grant Administrator that the SEFA data was in Gateway. The County Auditor then reviewed and approved the information entered; however, the internal control was not effective and did not detect and allow correction of errors prior to submission.

The SEFA presented for audit overstated the COVID-19: Emergency Rental Assistance Program grant expenditures by \$2,849,594. This was an advance grant that was not fully expended by the County. As such, the amount unspent was required to be returned to the federal awarding agency, the U.S. Department of the Treasury, when the grant period ended. The County included the return of these funds as an expenditure in error on its SEFA.

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

*Criteria*

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 . . ."

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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.
- (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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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."

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*

A proper system of internal controls over the SEFA was not designed by management of the County to ensure proper reporting of the County's federal expenditures. 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 affect 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, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements. As such, 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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2022-003**

Subject: COVID-19: Coronavirus State and Local Fiscal Recovery Funds - Reporting  
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): Account ID 20-1892-0-1-806  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

Recipients are required to submit quarterly or annually Project and Expenditure (P&E) reports to the U.S. Department of the Treasury (Treasury). The reporting periods, as well as the respective due dates, are based upon type of recipient and its population, as well as the recipient's allocation amount. Information to be reported includes projects funded, expenditures, and contracts for the appropriate reporting period.

The County was classified as a metropolitan county with a population below 250,000 residents that received an allocation of more than \$10 million in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). Therefore, quarterly P&E Reports were due by January 31, 2022, and the last day of the month after the end of each quarter thereafter.

The County submitted four quarterly P&E reports during the audit period. The County's process for the completion and submission of the P&E reports was that the County Grant Administrator prepared the P&E reports, and the County Auditor reviewed them prior to submission.

Two of the four quarterly reports submitted during the audit period were selected for testing. The County utilized the current period obligations field to document total obligations less current period expenditures. For the reports tested, the current period obligations per the County's interpretation of the current period obligations field were not supported by the County's records. The following errors were noted:

*Quarter 2 P&E Report (April 1, 2022 - June 30, 2022)*

- The current period obligations for the Revenue Replacement project were overstated by \$399,097.

*Quarter 3 P&E Report (July 1, 2022 - September 30, 2022)*

- The current period obligations for the Prairie Creek Water Run Water Line project were overstated by \$67,773.
- The current period obligations for the Parks Department - Latrine project were overstated by \$25,758.
- The current period obligations for the Foraker/Southwest project were overstated by \$230,338.

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

ELKHART COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

*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). . . ."

Coronavirus State and Local Fiscal Recovery Funds Project and Expenditure Report User Guide, Appendix B - Bulk File Upload Overview, i) Project Baseline Template, states in part:

"The downloadable templates provide all information required to create the upload files. The following table highlights the data elements required to complete the Project Baseline Template. . . ."

Defined Term	Definition	Required/Optional/Conditional	List Values	Data Type	Max Length
Current Period Obligations	Total dollar value of obligations for this current reporting period	Required	N/A	Currency	N/A

Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance, Page 10, states in part:

". . . **10. Reporting.** All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles. . . ."

31 CFR 35.4(c) states in part: "*Reporting and requests for other information.* During the period of performance, recipients shall provide to the Secretary periodic reports providing detailed accounting of the uses of funds . . ."

*Cause*

A proper system of internal controls was not designed or implemented by management of the County to ensure that policies and procedures were in place related to Reporting. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies 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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

In addition, not meeting the CSLFRF reporting requirements increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

*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 over the preparation and review of federal reports to ensure appropriate reviews, approvals, and oversight are taking place. Additionally, management should develop policies and procedures to ensure that the County provides the Treasury with complete and accurate information for the P&E report.

*Views of Responsible Officials*

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

*Auditor's Response*

The County was able to provide documentation of communications with the Treasury detailing questions and issues with the reporting portal. Included within the communications between the County and the Treasury was the County's interpretation of the current obligations field and the Treasury's acceptance of this interpretation. However, as specified in the *Condition and Context*, the current obligations field did not follow this methodology. Furthermore, the County did not provide documentation or communication explaining the specific differences between the data in the P&E report and what the calculated amount should have been. We reaffirm our finding and will review the status of the finding during our next audit.

**FINDING 2022-004**

Subject: COVID-19: Coronavirus State and Local Fiscal Recovery Funds - Reporting  
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): 400ARPHLTHISSCH  
Pass-Through Entity: Indiana Department of Health  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

The Elkhart County Health Department (Health Department) was awarded the Health Issues and Challenges Grant (grant) through the Indiana Department of Health (IDOH). The grant was funded through the American Rescue Plan Act (ARPA) that focused on the improvement of chronic disease, and more specifically, elevated blood lead level reduction.

The Health Department was required to submit data through the online portal, the National Electronic Disease Surveillance System (NEDSS) Base System (NBS), each month beginning in October 2022. The submitted data included program specific metrics related to patient case management of certified elevated blood lead levels.

A Case Manager managed all aspects of an individual patient's care. A home visit and two assessments were completed by the Case Manager and input into the NBS. Once these steps were marked as complete in the NBS, the Clinical Manager reviewed each case and compiled data along with the cost reimbursement amount into a spreadsheet. The Clinical Manager provided the spreadsheet to the Manager of Administration who then completed and submitted the reimbursement invoice to the IDOH. The reimbursement invoice was submitted without a documented oversight, review, or approval process to ensure the accuracy of the data prior to submission.

The lack of internal controls was a systemic issue 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). . . ."

*Cause*

A proper system of internal controls, which would include segregation of key functions, was not designed by management of the County to ensure the accuracy of the reimbursement invoices. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies 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 design or implementation of the components of a 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 noncompliance.

ELKHART 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, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure reimbursement invoices are complete and accurate prior to submission.

*Views of Responsible Officials*

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

*Auditor's Response*

While a segregation of duties existed within the process, a review or evaluation of data was never completed to ensure the data as compiled and entered was accurate and complete. The state's reviewal process prior to funds being disbursed to the County is a part of the state's internal control system, not the County's internal control system. We reaffirm our finding and will review the status of the finding during our next audit.

**FINDING 2022-005**

Subject: Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) - Suspension and Debarment  
Federal Agency: Department of Health and Human Services  
Federal Program: Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)  
Assistance Listings Number: 93.104  
Federal Award Number and Year (or Other Identifying Number): 1H79SM082981-01  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

Prior to entering into subawards and covered transactions with Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) funds, recipients are required to verify that contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a non-procurement transaction (e.g., grant agreement) that are expected to equal or exceed \$25,000 and all subawards. The verification is to be done by checking the SAM exclusions list, collection of a certification from that person or entity, or adding a clause or condition to the covered transaction with that person or entity.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Upon inquiring of the County to determine its policies and procedures related to suspension and debarment requirements for the Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) funds, the County stated procedures were not in place to ensure vendors were not suspended or debarred prior to entering into covered transactions.

One covered transaction for funds passed through to a subrecipient was identified during the audit period. The amount passed through to the subrecipient was \$914,863. The identified transaction was examined to determine if the County verified the suspension and debarment status of the subrecipient prior to payment. Upon review, we determined that the County entered into a memorandum of understanding (MOU) with the subrecipient on June 22, 2020. However, the County had not performed procedures to ensure the subrecipient was not suspended or debarred, or otherwise excluded or disqualified, from participation in federal assistance programs or activities at the time of the initial MOU or at any time during the audit period.

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). . . ."

2 CFR 200.214 states:

"Non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR 180.300 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 SAM Exclusions; 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."

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

A proper system of internal controls was not designed by management of the County to ensure vendors were not suspended or debarred, or otherwise excluded, from participation in federal awards. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies 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, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, a subrecipient to whom payments were made was not verified to be not suspended, debarred, or otherwise excluded. Noncompliance with the provisions of federal statutes, 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 that management of the County establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards.

*Views of Responsible Officials*

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

**FINDING 2022-006**

Subject: Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) - Reporting  
Federal Agency: Department of Health and Human Services  
Federal Program: Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)  
Assistance Listings Number: 93.104  
Federal Award Number and Year (or Other Identifying Number): 1H79SM082981-01  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Condition and Context*

The County entered into a memorandum of understanding (MOU) with Oaklawn Psychiatric Center, Inc. (Oaklawn) on June 22, 2020, covering a four-year period from August 31, 2020 to August 30, 2024. The MOU was for use of the Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) grant. During the audit period, \$914,863 was passed through to Oaklawn (i.e., the subrecipient) as reimbursement for payment of services and other costs.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

As the designated pass-through entity, the County's administrative responsibilities as outlined in the agreement included the submission of the annual Federal Financial Report (FFR) (SF-425) through the eRA Commons web-based platform. The FFR (SF-425) detailed cumulative balances of federal funds authorized and disbursed by the subrecipient during the grant period.

In order to accumulate the required information for the FFR (SF-425), the County Health Department Manager of Administration worked in conjunction with subrecipient personnel. Subrecipient personnel submitted monthly financial information to the Manager of Administration, which was then used to compile the FFR (SF-425). The FFR (SF-425) was then submitted by the Manger of Administration without evidence of an oversight, review, or approval process to ensure the report was complete and accurate.

The lack of internal controls was a systemic issue 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). . . ."

*Cause*

A proper system of internal controls, which would include segregation of key functions, was not designed by management of the County to ensure the County provided the state with complete and accurate information related to the Community Mental Health Services for Children with Serious Emotional Disturbances (SED) award. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies 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 design or implementation of the components of a 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 noncompliance.

*Questioned Costs*

There were no questioned costs identified.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the County establish a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure reports are complete and accurate prior to submission.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.

# Elkhart County Auditor's Office

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2021-001, 2020-001***

**Fiscal year in which the finding initially occurred:** 2020

**Current Audit Period:** January 1, 2022 – December 31, 2022

**Finding Subject**

**Summary of Finding :**Financial Statement Corrections – Primary Government

**Recommendation:** We recommended the County strengthen its process for reviewing the financial statements for compliance with generally accepted accounting principles.

Status of Audit Finding:

*Fulling Corrected, and the original corrective action was implemented*

# Elkhart County Auditor's Office

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-002, 2020-002**

**Fiscal year in which the finding initially occurred:** 2020

**Current Audit Period:** January 1, 2022 – December 31, 2022

#### **Finding Subject**

**Summary of Finding :**Financial Statement Preparation – Component Units

**Recommendation:** We recommended the County, and its component units, strengthen their processes for reviewing the component unit AFRs, and the financial statements, for compliance with generally accepted accounting principles.

#### **Status of Audit Finding:**

*Fully Corrected, and the original corrective action was implemented*

# Elkhart County Auditor's Office

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2021-003, 2020-003** (Auditor Assigned Reference Number)

**Fiscal year in which the finding initially occurred:** 2019

**Current Audit Period:** January 1, 2022 – December 31, 2022

**Finding Subject**

**Summary of Finding:** Preparation of the Schedule of Federal Award Expenditures (SEFA)

**Recommendation:** We recommend the County strengthen its process for reviewing the SEFA to ensure compliance with Uniform Grant Guidance, including close communication with pass-through entities.

Status of Audit Finding:

Not Corrected

**Response Comment:**

Due to the timing of our last audit and staffing changes this finding has not been corrected. First Deputy Auditor and Auditor will be reaching out to State Board of Accounts and Baker Tilly to get guidance and assistance on proper reporting of the Schedule of Expenditures of Federal Awards (SEFA). We will be seeking training and guidance to ensure future audit reporting of SEFA is accurate.

# Elkhart County Auditor's Office

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-004**

**Fiscal year in which the finding initially occurred:** 2021

**Current Audit Period:** January 1, 2022 – December 31, 2022

#### **Finding Subject**

**Summary of Finding:** Emergency Rental Assistance Program – Reporting

**Recommendation:** We recommend that policies and procedures around federal reporting requirements be reviewed and strengthened to include appropriate documented review and approval of the required reports by someone other than the preparer prior to submission.

#### **Status of Audit Finding:**

*Fully Corrected, but the original corrective action implemented differs from the original*

#### Response Comments.

The grant was concluded during the audit period. There was no activity for this grant during the audit period other than a refund to the Department of Treasury in the amount of \$2,849,594.



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## CORRECTIVE ACTION PLAN

### **FINDING 2022-001**

**Contact Person Responsible for Corrective Action: Audie Hostetler, Assistant Director, HR**  
**Contact Phone Number and Email Address: 574-535-6798 or ahostetler@elkhartcounty.com**  
**Finding Subject: Financial Transactions and Reporting-Primary Government**

### **Summary of Finding:**

The County had not separated incompatible activities related to the total other post-employment benefits (OPEB) liability. One employee prepared and submitted the census data to the actuary without a documented oversight, review, or approval process to ensure the census data was accurate.

### **Views of Responsible Officials:**

*"We concur with the finding."*

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

After speaking with SBOA agent, Karen Handshoe, we learned what was required of us for internal controls. Although, a second person in the Human Resource office, reviewed the data previously, we did not have any written proof that it had been reviewed. We now have, a written email trail, showing that the given data and documents sent to the actuaries had been reviewed by more than one person.

For example, with year-end 2023 census data, I compiled the data and had our Benefits Specialist then review the data and indicate in an email that she had reviewed. If it was data that she compiles, it is then sent to the Assistant Director to review and indicate it was reviewed in an email back to the Benefits Specialist. In other words, my data is checked by her, and her data is checked by me. We also have our third-party insurance broker check over certain information for accuracy and then the Benefits Specialist reviews any changes and indicates in an email that she has reviewed. The written email chain back and forth provides confirmation that all information has been reviewed by more than one person prior to sending on to the actuaries.

### **Anticipated Completion Date:**

We already implemented this corrective action process for our GASB reporting FYE 2023. See above paragraph.



## CORRECTIVE ACTION PLAN

### **FINDING 2022-002**

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

**Summary of Finding:**

The preliminary SEFA is compiled by the county Grant Administrator and emailed to the Deputy Auditor, Auditor, and the financial consultant. Once the preliminary SEFA compilation is reviewed and approved, the Grant Administrator enters the information into the Gateway Financial system. The County Auditor is notified by the Grant Administrator the SEFA data is in the Gateway and the Auditor reviews and approves, however, the internal control was not effective in detecting and allowing correction of errors prior to submission.

**Contact Person Responsible for Corrective Action: Patricia Pickens**

**Contact Phone Number and Email Address: 574.535.6719 [ppickens@elkhartcounty.com](mailto:ppickens@elkhartcounty.com)**

**Views of Responsible Officials:**

We agree there was an error on the total expenditure total for The COVID-19: Emergency Rental Assistance Program.

**Description of Corrective Action Plan:**

This program is completed and closed out with the Treasury. There will be no additional receipts or expenditures.

Regarding commentary on internal controls for the SEFA- The Grants Administrator is responsible for keeping detailed records, running financial reports, and preparing the SEFA. She then sends a preliminary workspace document with supporting documentation to Auditor and Deputy Auditor for first review and approval.

After that is approved, data is entered into Gateway. Supporting documentation and communication with dates and times are retained. Auditor and Deputy Auditor are notified when SEFA is completed, and data is reviewed and tested in the platform.

**Anticipated Completion Date:**

The COVID-19: Emergency Rental Assistance Program completed and closed is effective immediately (1.1.23)

SEFA procedure and internal controls are fully in effect 1.1.23.



***FINDING 2022-003***

**Finding Subject:** COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting  
**Summary of Finding:**

Recipients are required to submit quarterly or annually Project and Expenditure (P&E) reports to the Department of the Treasury (Treasury). The reporting periods, as well as the respective due dates, are based upon type of recipient and its population, as well as the recipient's allocation amount. Information to be reported includes projects funded, expenditures, and contracts for the appropriate reporting period.

The County was classified as a metropolitan county with a population below 250,000 residents that received an allocation of more than \$10 million in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF). Therefore, quarterly P&E Reports were due by January 31, 2022, and the last day of the month after the end of each quarter thereafter.

The County submitted four quarterly P&E Reports during the audit period. The County's process for the completion and submission of the P&E Reports was the Grant Administrator prepared the P&E Reports and the County Auditor reviewed them prior to submission; however, the control was not effective in detecting and preventing noncompliance.

Two of the four quarterly reports submitted during the audit period were selected for testing. The County utilized the current period obligations field to document total obligations less current period expenditures. For the reports tested, the current period obligations, per the County's interpretation of the field, were not supported by the County's records. The following errors were noted:

Quarter 2 P&E Report (April 1, 2022 - June 30, 2022)

- The Current Period Obligations for the Revenue Replacement project were overstated by \$399,097.

Quarter 3 P&E Report (July 1, 2022 - September 30, 2022)

- The Current Period Obligations for the Prairie Creek Water Run Water Line project were overstated by \$67,773.
- The Current Period Obligations for the Parks Department - Latrine project were overstated by \$25,758.
- The Current Period Obligations for the Foraker/Southwest project were overstated by \$230,338.

The lack of effective internal controls and noncompliance was a systemic issue during the audit period.

**Contact Person Responsible for Corrective Action: Patricia Pickens**  
**Contact Phone Number and Email Address: 574.535.6719 [ppickens@elkhartcounty.com](mailto:ppickens@elkhartcounty.com)**



**Views of Responsible Officials:**

We disagree with the finding.

**Explanation and Reasons for Disagreement:**

The finding does not accurately reflect the administration of the SLFRF program and fails to correctly identify key challenges that impacted the difference in data.

There is a rigorous system of diligent records keeping, auditing expenditures, and internal controls including multiple points of review and approval for reporting ARPA funds. All expenditures are accounted for and maintained with supporting documentation.

The auditing team can clearly demonstrate attention to detail in the tracking and reporting of all expenditures. They also have extensive record of on-going issues with the reporting portal including tickets and communications with Treasury support. They have identified issues with the portal that prevented the submission of reports or caused erroneous calculations/data.



Administration

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## CORRECTIVE ACTION PLAN

### **FINDING 2022-004**

**Finding Subject:** COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting

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

The County Health Department was required to submit data through the online portal, National Electronic Disease Surveillance System Base System, monthly beginning in October 2022. The submitted data included program specific metrics related to patient case management of certified Elevated Blood Lead Levels.

A Case Manager managed all aspects of an individual patient's care. Once a patient's care was complete, the case was closed by the Case Manager in the online portal. Completed cases were compiled by the Clinical Manager into a data sheet, which was then submitted to the Manager of Administration. The Manager of Administration based on the compiled data sheet prepared and submitted a reimbursement request to the State without an oversight, review, or approval process to ensure the reimbursement request was complete and accurate.

Recommendation:

We recommended that management of the County design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure reports are complete and accurate."

**Contact Person Responsible for Corrective Action: Concetta Sanfilippo**

**Contact Phone Number and Email Address: 574.523.2101 [csanfilippo@elkhartcounty.com](mailto:csanfilippo@elkhartcounty.com)**

#### **Views of Responsible Officials:**

Option 2: *"We disagree with part of the finding."*

**Explanation and Reason for Disagreement:** The County already has an established process of review and evaluation. The Case Manager's reports on work are reported to their superior, the Clinical Manager. The Clinical Manager reviews data, enters report data into the program portal as required. A spreadsheet with case start date, patient ID number, home address and payment is submitted to the Manager of Administration who acts as secondary review and completes the invoice and submits it to the State where an additional process of review is then executed before approval and federal funds are drawn.

Once the invoice is submitted, the Manager of Administration makes two copies of the invoice and the spreadsheet, one copy is sent to the Clinical Manager and the other to the Auditors office. This is an excellent procedure for checking and balance.

**Description of Corrective Action Plan:** The Elkhart County Health Department receives elevated blood lead levels from the State. The Lead Case Manager determines if criteria are met to initiate a case. They conduct a home visit and make appropriate referrals. The lead case manager enters case information into NBS.

Ongoing case management for children with elevated blood leads levels includes coordination of blood lead tests, education, and appropriate referrals.

The Lead Case Manager submits a list of cases each month to the Clinical Manager that meet the criteria for submission for reimbursement. The criteria are a completed home visit, a completed nutrition assessment, a referral for developmental assessment and documentation in NBS. The Clinical Manager reviews the cases in NBS and compiles a list and submits the data sheet to the Fiscal Manager. The Fiscal Manager prepares the invoice and submits it along with documentation to the State and Timothy Conley for review and approval.

The Elkhart County Health Department will continue to have collaborative compilation of data which will be reviewed by field specialists before being submitted to the Manager of Administration for invoice reimbursement. The data and records are reviewed by the Manager of Administration and the invoice total will be confirmed and documented with the Clinical Manager prior to being submitted to the State for review and approval. Confirmation emails of secondary review will be retained as documentation.

The State must approve invoices with supporting documentation and is the external party requesting reimbursement with Federal funds once approved. A copy of supporting documentation is supplied to the Elkhart County Auditor's Office to be retained on file and to be used for receipting records once reimbursement is received and deposited into its unique 8000 series fund.

**Anticipated Completion Date: August of 2023**

*(Note: Provide the projected date of completion of major tasks for the planned corrective actions.)*



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### CORRECTIVE ACTION PLAN

#### **FINDING 2022-005**

**Finding Subject:** Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) – Suspension and Debarment

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

The County stated procedures were not in place to ensure vendors were not suspended or debarred prior to entering into covered transactions.

One covered transaction for funds passed through to a subrecipient was identified during the audit period. The amount passed through to the subrecipient was \$914,863. The identified transaction was examined to determine if the County verified the suspension and debarment status of the subrecipient prior to payment. Upon review we determined that the County entered into a Memorandum of Understanding (MOU) with the subrecipient on June 22, 2020. However, the County had not performed procedures to ensure the subrecipient was not suspended or debarred, or otherwise excluded or disqualified from participation in federal assistance programs or activities at the time of the initial MOU or at any time during the audit period.

#### *Recommendation*

We recommended that management of the County establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contracts or subawards. We also recommended that supporting documentation be retained in order to be presented for audit.

**Contact Person Responsible for Corrective Action:** Concetta Sanfilippo

**Contact Phone Number and Email Address:** 574.523.2101 [csanfilippo@elkhartcounty.com](mailto:csanfilippo@elkhartcounty.com)

#### **Views of Responsible Officials:**

We concur that suspension and debarment was not run within the audit period. However, it was not done under the direction of CLA Auditing team 2021 who instructed it was not necessary, rather the most current audit report should be run which Elkhart County did do and had on file for their subrecipient Oaklawn Psychiatric.

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

The Elkhart County Health Department and Auditor's Office Grants Administrator are working collaboratively to administer this grant award with strong internal controls. The Grant's Administrator has taken the role to routinely run Suspension and Debarment verification on this subrecipient. The date it is run is recorded and a pdf is retained for records.

#### **Anticipated Completion Date:**

This procedure is in place as of 2023 and correction is completed.



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### CORRECTIVE ACTION PLAN

#### **FINDING 2022-006**

**Finding Subject:** Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) - Reporting

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

As the designated pass-through entity, the County's administrative responsibilities, as outlined in the agreement, included the submission of the annual Federal Financial Report (FFR) (SF-425) through the eRA Commons web-based platform. The FFR (SF-425) detailed cumulative balances of federal funds authorized and disbursed by the subrecipient during the grant period.

In order to accumulate the required information for the FFR (SF-425) the County Health Department Manager of Administration (Manager of Administration) worked in conjunction with subrecipient personnel. Subrecipient personnel submitted monthly financial information to the Manager of Administration which was then used to compile the FFR (SF-425). The FFR (SF-425) was then submitted by the Manger of Administration without evidence of an oversight, review, or approval process to ensure the report was complete and accurate.

#### *Recommendation*

We recommended that management of the County establish a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place to ensure reports are complete and accurate prior to submission.

**Contact Person Responsible for Corrective Action: Concetta Sanfilippo**

**Contact Phone Number and Email Address: 574.523.2101 [csanfilippo@elkhartcounty.com](mailto:csanfilippo@elkhartcounty.com)**

#### **Views of Responsible Officials:**

Option 1: *"We concur with the finding."*

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

The monthly financial information is submitted to both the Fiscal Manager and the Grants Administrator.

Working in conjunction, both the Fiscal Manager and the Grants Administrator review and approve the financial information throughout the grant year.

The Fiscal Manager compiles data for the FFR (SF-425) and receives the subrecipient's report for cross reference and uploads the documentation into the FFR in collaboration with the Grant Administrator. Both parties review all data entered and confirm via email for dated communication which is retained. Two separate signatures are required on the SF425.

**Anticipated Completion Date: CAP was updated and implemented for the 2023 FFR for the period ending 8.30.23.**

## 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/>.