

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MORGAN COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
08/16/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Linda Pruitt	01-01-23 to 12-31-24
County Treasurer	Terry Clelland	01-01-23 to 12-31-24
Clerk of the Circuit Court	Tammy Parker	01-01-23 to 12-31-24
County Sheriff	Richard W. Myers	01-01-23 to 12-31-24
County Recorder	Jana K. Gray	01-01-23 to 12-31-24
President of the Board of County Commissioners	Bryan Collier Don Adams	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Kim S. Merideth	01-01-23 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 MORGAN 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 Morgan 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 July 30, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

July 30, 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 MORGAN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morgan 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.

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 major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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)

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.

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.

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)

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 2023-001 and 2023-002, 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.

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 July 30, 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

July 30, 2024

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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.

MORGAN 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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Justice</u>					
Crime Victim Assistance VOCA Victims Crime Act	Indiana Criminal Justice Institute	16.575	VOCA-2022-00022	\$ -	\$ 36,943
Violence Against Women Formula Grants STOP Viol Ag Women	Indiana Criminal Justice Institute	16.588	2020-WF-AX-0031	-	17,852
Bulletproof Vest Partnership Program Bullet Proof Vest Bulletproof Vest DOJ	Direct Grant	16.607	FY 2020 FY 2021	- -	411 4,407
Total - Bulletproof Vest Partnership Program				-	4,818
Total - Department of Justice				-	59,613
<u>Department of Transportation</u>					
Highway Safety Cluster State and Community Highway Safety CHIRP-Click	Indiana Criminal Justice Institute	20.600	69A37522300004020INO	19,525	42,578
Total - Highway Safety Cluster				19,525	42,578
Highway Planning and Construction Bridge #52 Egbert Rd Bridge #60 Robb Hill Rd Bridge #60 Robb Hill Rd Bridge #75 Bowman Bridge #29 Mahalasville Rd Bridge Inspection Bridge #49 Abraham Rd Bridge #49 Abraham Rd	Indiana Department of Transportation	20.205	Des 1702967 Des 1802881 Des 1802881 Des 1702967 Des 2002995 Des 2002465 Des 2002988 Des 2002988	- - - - - - - -	244,579 129,050 (16,322) 35,125 95,919 136,312 27,840 (27,840)
Total - Highway Planning and Construction				-	624,663
Minimum Penalties for Repeat Offenders for Driving While Intoxicated DUI Task Force	Indiana Criminal Justice Institute	20.608	69A3752130000405DINL	3,294	10,530
Total - Department of Transportation				22,819	677,771
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARPA Local Fiscal Recovery Fund	Direct Grant	21.027	CY-2023	-	508,714
Total - Department of the Treasury				-	508,714
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness PHEP Base PHP Base PHEP CRI PHP CRI	Indiana State Department of Health	93.069	NU90TP922052 NU90TP922052 NU90TP922052 NU90TP922052	- - - -	16,380 755 24,373 2,766
Total - Public Health Emergency Preparedness				-	44,274

MORGAN 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	Passed Through to Subrecipient	Total Federal Awards Expended
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID ARP RWSFO LHD	Indiana State Department of Health	93.354	NU90TP922179	-	168,595
Child Support Services	Indiana Department of Child Services	93.563			
Title IV-D Reimb Prosecutor Expenditures			CY-2023	-	289,968
Title IV-D Prosecutor Incentive			CY-2023	-	41,216
Title IV-D Reimb Clerk Expenditures			CY-2023	-	34,727
Title IV-D County Incentive			CY-2023	-	16,642
Title IV-D Reimb Courts Expenditures			CY-2023	-	43,111
Indirect Cost			CY-2023	-	194,378
Title IV-D Clerk Incentive			CY-2023	-	9,471
Total - Child Support Services				-	629,513
Foster Care Title IV-E Title IV-E	Indiana Public Defender Commission	93.658	Contract #20230054	-	20,501
Opioid STR	Indiana Supreme Court	93.788			
Justice Part Addict Res			23-5JC89-C55-4	-	57,634
SIM JP Addict Response Advance			24-5JC89-C55-4	-	5,077
Total - Opioid STR				-	62,711
Total - Department of Health and Human Services				-	925,594
Department of Homeland Security					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA	Indiana Department of Homeland Security	97.036	DR4704	-	113,966
Emergency Management Performance Grants EMPG Salaries 2022	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005	-	44,828
BRIC: Building Resilient Infrastructure and Communities PDM 2018 Morgan County Pre Disaster Mitigation	Indiana Department of Homeland Security	97.047	DHS-18-MT-047-000-99 EMC-2020-PC-0002	- -	5,424 19,457
Total - BRIC: Building Resilient Infrastructure and Communities				-	24,881
Total - Department of Homeland Security				-	183,675
Total federal awards expended				\$ 22,819	2,355,367

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

MORGAN 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.

MORGAN 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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
20.205	Highway Planning and Construction	Unmodified
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Activities Allowed or Unallowed and 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): CY-2023
 Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
 Audit Finding: Material Weakness

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County was awarded \$13,691,662 in State and Local Fiscal Recovery Funds (SLFRF) to respond to the COVID-19 pandemic. The Board of County Commissioners were placed in charge of the grant funds and ensuring compliance with the grant.

To ensure SLFRF expenditures were allowable and adhered to the cost principles, the County established the following process: first, the expenses were preapproved by the County Administrator; next, the claim was prepared by the Board of County Commissioners' Executive Assistant or the County Administrator; then the claim was reviewed and approved for compliance with the grant requirements by a County Commissioner; finally, the County Auditor approved the expenditure for payment.

All expenditures paid with SLFRF funds were selected for testing to determine if the internal control was operating effectively. For 3 of the 22 expenditures tested, a County Commissioner did not sign the claim. The claims not signed by a County Commissioner were in June (1) and December (2).

The lack of internal controls was isolated to the three claims identified 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). . . ."

Cause

A proper system of internal controls, which would include segregation of key functions, was not consistently documented at the County.

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.

Recommendation

We recommended that the County review and strengthen its system of internal controls, to ensure appropriate reviews, approvals, and oversight are taking place.

MORGAN 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 2023-002

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 Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): CY-2023
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness

Condition and Context

Prior to entering into subawards and covered transactions with federal award funds, recipients are required to verify that such 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 nonprocurement transaction (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 (EPL), collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

Upon inquiry of the County in order to review the procedures in place for verifying that a vendor with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the County disclosed that there was not any procedure or internal control in place to verify that applicable vendors were not suspended or debarred from participation in federal programs prior to entering into a covered transaction.

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

The County, being unaware of the compliance requirement, had not designed or implemented a proper system of internal controls, which would include segregation of key functions. 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.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure the contractors paid with federal funds are eligible to participate in federal programs. Any program funds used to pay contractors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them.

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 that all contractors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal program before entering into any contracts.

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.



Linda Pruitt
Morgan County Auditor
180 S Main St, Suite 104
Martinsville, IN 46151
765-342-1001

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

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

Summary of Finding:

Lack of internal controls was a systemic issue throughout the audit period. Recommended management of the County 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.

Status of Audit Finding:

Corrective Action Plan; The Morgan County Commissioners adopted Ordinance NO. 2023-10 which establishes internal control procedures related to the expenditure of ARPA funds. This ordinance also requires reports to be reviewed by the Auditor's office prior to submission and a printed copy with the County Administrator's signature and County Auditor or Deputy Auditor's signature shall be retained.

This ordinance took effect upon passage on April 17, 2023.



*Linda Pruitt
Morgan County Auditor
180 S Main St, Suite 104
Martinsville, IN 46151
765-342-1001*

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Coronavirus State and Local Fiscal Recovery Funds – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Summary of Finding: For 3 or 22 expenditures tested, a County Commissioner did not sign the claim. The claims not signed by a County Commissioner were in June (1) and December (2)

Contact Person Responsible for Corrective Action: Linda Pruitt, County Auditor

Contact Phone Number and Email Address: 765-342-1001, lpruitt@morgancounty.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The Morgan County Commissioners adopted Ordinance No. 2023-10 which establishes internal control procedures related to the expenditure of ARPA funds. This ordinance requires all claims for disbursement of ARPA funds must be signed by a Commissioner.

This ordinance took effect upon passage on April 17, 2023.

Auditor and Commissioner's staff have been reminded of this requirement.

Anticipated Completion Date: Immediate



*Linda Pruitt
Morgan County Auditor
180 S Main St, Suite 104
Martinsville, IN 46151
765-342-1001*

CORRECTIVE ACTION PLAN

FINDING 2023-002

Finding Subject: Coronavirus State and Local Fiscal Recovery Funds – Procurement and Suspension and Debarment.

Summary of Finding: The County did not have any procedure or control in place to verify that applicable vendors were not suspended or debarred from participation in federal programs prior to entering into a covered transaction.

Contact Person Responsible for Corrective Action: Linda Pruitt, County Auditor
Contact Phone Number and Email Address: 765-342-1001, lp Pruitt@morgancounty.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The County will now require vendors entering into subawards and covered transactions with federal award funds to file a Suspension and Debarment Certification with the County prior to the execution of contract and at the beginning of each subsequent year, prior to the 1st payment of the year.

Anticipated Completion Date: Immediate

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/>.