

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

KOSCIUSKO COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/09/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-15
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	18-19
Corrective Action Plan	20
Other Reports.....	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Rhonda J. Helser Alyssa Schmucker	01-01-23 to 08-31-24 09-01-24 to 12-31-24
County Treasurer	Michelle L. Puckett	01-01-23 to 12-31-24
Clerk of the Circuit Court	Ann M. Torpy	01-01-23 to 12-31-24
County Sheriff	Jim Smith	01-01-23 to 12-31-24
County Recorder	Deborah Wright	01-01-23 to 12-31-24
President of the Board of County Commissioners	Bradford Jackson Robert Conley	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Mike Long	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 KOSCIUSKO 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 Kosciusko 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 August 22, 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

August 22, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 KOSCIUSKO COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Kosciusko 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 its major federal program for the year ended December 31, 2023. The County's major federal program is 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 its major federal program for the year ended December 31, 2023.

Basis for Opinion on the 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.

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.

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

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.

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 2023-001. Our opinion on the 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.

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

Report on 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 item 2023-001, to be material weaknesses.

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

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

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

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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated August 22, 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

August 22, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

KOSCIUSKO 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 2022	Indiana Criminal Justice Institute	16.575	15POVC-21-GG-00625-ASSI	\$ -	\$ 44,714
Bulletproof Vest Partnership Program Patrick Leahy Bulletproof Vest Partnership BPV	Direct Grant	16.607	2021BUBX21028125	-	16,940
Public Safety Partnership and Community Policing Grants FY 2022 COPS Hiring Program	Direct Grant	16.710	15JCOPS-22-GG-03524-UHPX	-	52,781
Total - Department of Justice				-	114,435
<u>Department of Transportation</u>					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs KABS Capital 2023	Indiana Department of Transportation	20.526	A249-23-G220162	187,800	187,800
Total - Federal Transit Cluster				187,800	187,800
Highway Safety Cluster					
National Priority Safety Programs SAVE 2023	Town of Winona Lake	20.616	SAVE-2023-00034	-	9,790
Total - Highway Safety Cluster				-	9,790
Highway Planning and Construction					
Bridge #227	Indiana Department of Transportation	20.205	DES #1702866	-	35,554
Bridge #161 2024			DES #1802917	-	41,360
Bridge #30			DES #1902838	-	42,732
Bridge Inspection			DES #2100083	-	13,708
Bridge #123			DES #2101760	-	84,753
Bridge #139			DES #2201663	-	24,379
Total - Highway Planning and Construction				-	242,486
Formula Grants for Rural Areas and Tribal Transit Program					
KABS FED-COVID CARES 2020	Indiana Department of Transportation	20.509	A249-20-G200015	106,098	106,098
KABS FED 2022			A249-22-G210096	162,927	162,927
KABS FED 2023			A249-23-G220064	154,332	154,332
Total - Formula Grants for Rural Areas and Tribal Transit Program				423,357	423,357
Interagency Hazardous Materials Public Sector Training and Planning Grants					
HMEP 2023	Indiana Department of Homeland Security	20.703	693JK32240055HMEP	-	19,900
Total - Department of Transportation				611,157	883,333

KOSCIUSKO 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 the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		21.027			
American Rescue Plan ARP	Direct Grant		Account ID 20-1982-0-1-806	-	3,204,624
COVID-ILBC	Indiana Department of Homeland Security		ILBC-2023-Body Camera-00052	-	31,920
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				-	3,236,544
Total - Department of the Treasury				-	3,236,544
<u>Department of Health and Human Services</u>					
Child Support Services	Indiana Department of Child Services	93.563			
IV-D Prosecutor Incentive			FY2023	-	48,051
IV-D Clerk Incentive			FY2023	-	31,280
IV-D 1000-02055 Prosecutor Expenditures			FY2023	-	351,537
IV-D 1000-02050-Co Gen 100% Fed Clerk IV-D Expenditures			FY2023	-	18,751
IV-D 1000-00256-Co Gen 100% Fed Indirect Costs			FY2023	-	79,595
1119 IV-D Document Storage			FY2023	-	190
2503 PreTrial Diversion			FY2023	-	366
Total - Child Support Services				-	529,770
Opioid STR	Indiana Supreme Court Administration	93.788			
Justice Partners Addictions Response 2021			21-5JC89-C43-001	-	29,764
Total - Department of Health and Human Services				-	559,534
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance	Indiana Department of Natural Resources/ Division of Law Enforcement	97.012			
DNR Federal 2022			DHS-USCG-RBS-2022-001	-	3,750
DNR Federal 2022			DHS-USCG-RBS-2022-001	-	6,455
Total - Boating Safety Financial Assistance				-	10,205
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
2022 Emergency Management Salary Wage Reimbursement 1000-0360			EMC-2022-EP-00005	-	51,464
EMPG Competitive 2022			EMC-2022-EP-00005	-	20,000
Total - Emergency Management Performance Grants				-	71,464
Total - Department of Homeland Security				-	81,669
Total federal awards expended				<u>\$ 611,157</u>	<u>\$ 4,875,515</u>

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

KOSCIUSKO 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.

KOSCIUSKO 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 program:	
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 Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
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

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 - 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): ILBC-2023-Body Camera-00052
 Pass-Through Entity: Indiana Department of Homeland Security
 Compliance Requirement: Reporting
 Audit Findings: Material Weakness, Other Matters

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County Sheriff applied for the Indiana Local Body Camera Grant (ILBC). The grant is a reimbursable grant through the Indiana Department of Homeland Security. The County Sheriff was awarded this grant on January 1, 2023, with a grant cost amount of up to \$31,920 to be spent from January 1, 2023 to December 31, 2023.

The County Sheriff ordered body-worn cameras and other equipment on April 26, 2023. A Reimbursement Claim Form (Form) was submitted for the cameras and other equipment on September 11, 2023. The Form shows the County Sheriff requested the full \$31,920; however, the County had only spent \$9,581 from the grant fund towards the purchase. The reimbursement of \$31,920 from the Indiana Department of Homeland Security was received on September 27, 2023. The fund had a balance of \$22,339 as of December 31, 2023. As there are no grant expenditures for the remaining reimbursements received and the period of performance had ended, the County should have reimbursed the Indiana Department of Homeland Security \$22,339.

On May 9, 2023, the County Sheriff's grant administrator submitted a Program Report for the ILBC grant. The report was completed and submitted by the County Sheriff's grant administrator without a documented oversight or review process to ensure the completeness and accuracy of the report. The report incorrectly indicated that all expenditures had been completed. However, as of the date of the submission, the County had not purchased the body-worn cameras, and all federal funds had not been expended.

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 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

34 CFR 76.722 states: "A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.344(d) states in part: "The non-Federal entity must promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that are not authorized to be retained by the non-Federal entity for use in other projects. . . ."

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 invoice and the Program Report. 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. As such, federal reimbursement was requested in excess of the amount spent.

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. Furthermore, we recommended the County contact the awarding agency to discuss the funds remaining.

Views of Responsible Officials

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

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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



Kosciusko County Sheriff's Office
221 West Main Street
Warsaw, IN 46580
Phone (574) 267-5667 Fax (574) 269-6195
Sheriff Jim Smith

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

Condition and Context

There were deficiencies in the internal control system of the Sheriff's Department related to the financial reporting of the Sheriff Inmate Trust and Sheriff Commissary funds.

Receipts

The Sheriff had not properly designed or implemented an effective system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing or detecting and correcting errors related to the Sheriff Inmate Trust and Sheriff Commissary funds receipts. A single employee posted the receipts to the general ledger, without any evidence to support an oversight or monitoring process to ensure timely and proper recording of funds received.

Disbursements

The Sheriff had not properly designed or implemented an effective system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing or detecting and correcting errors related to the Sheriff Inmate Trust and Sheriff Commissary funds disbursements. A single employee posted the disbursements to the general ledger, without any evidence to support an oversight or monitoring process to ensure timely and proper recording of funds disbursed.

Status of Audit Finding:

Fully corrected and the original corrective action was implemented.

Response Comments: None.



Rhonda J. Helser
Kosciusko County Auditor

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2022
Current Audit Period: 2023

Finding Subject: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds – Internal Controls

Summary of Finding: Material Weakness

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, material noncompliance related to covered transactions made from State and Local Fiscal Recovery Funds (SLFRF).

Recommendations:

That the management of the County design and implement a proper system of internal controls that would provide segregation of duties for the review covered transactions. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place.

Status of Audit Finding:

Fully corrected and the original corrective action implemented.

Response Comments:

None



Rhonda J. Helser

Kosciusko County Auditor

Corrective Action Plan for Kosciusko County

FINDING 2023-001

Finding Subject: Coronavirus State and Local Fiscal Recovery Funds – Reporting

Summary of Finding: The Kosciusko County Sheriff's Office applied for the Indiana Local Body Camera Grant (ILBC). The sheriff's office was awarded this grant on January 1, 2023, with a grant cost amount of up to \$31,920. This grant is a reimbursable grant through the Indiana Department of Homeland Security. The period of performance was from January 1, 2023, to December 31, 2023. The Kosciusko County Sheriff's Office ordered body-worn cameras and equipment on April 26, 2023. The invoice for the cameras and the camera equipment was paid on July 14, 2023. The Kosciusko County Sheriff's Office then submitted a Reimbursement Claim Form on September 11, 2023. The Reimbursement Claim Form shows the Sheriff's Office incorrectly requested the full \$31,920. They received \$31,920 from the Indiana Department of Homeland Security on September 27, 2023. However, the county had only spent \$9,581 of the grant money towards the body camera purchase. Therefore, there is a remaining balance in the fund of \$22,339 as of December 31, 2023. Due to the period of performance, the county should have reimbursed the Indiana Department of Homeland Security \$22,339.

On May 9, 2023, the Sheriff's Office grant administrator submitted a Program Report for the ILBC grant. This report was filed without an implemented internal control or evidence of a review. The report was completed and submitted by the Sheriff's Office grant administrator. The report incorrectly indicated that all expenditures had been completed. As of the date of the submission, the county had not purchased the body-worn cameras and all federal funds had not been expended.

Contact Person Responsible for Corrective Action: Alyssa Schmucker

Contact Phone Number and Email Address: 574-372-2325 aschmucker@kosciusko.in.gov

View of Responsible Officials: We concur with the findings identified.

Description of Corrective Action Plan:

The Kosciusko Sheriff's Office, grant coordinator will contact IDHS for instruction on how to return the \$22,339.00 and prepare a claim to be processed by the Kosciusko County Auditor's office. The grant balances are submitted each month by departments these are checked and confirmed by the Auditor's Office this one was overlooked in the review process. The person who applied for the grant no longer works for the county. It is believed the new person handling the grants was not aware that this grant even existed. The Grant Administrator(s) will have someone sign off on the grant report submissions and forward all reports to the Auditor's Office.

Anticipated Completion Date: It is anticipated that this will be completed as soon as the information to return the funds is received from the state and the claim is submitted to the Auditor for payment. This claim will be paid as soon as it is received. On or before 12/31/2024.

100 West Center Street Room 220, Warsaw, IN 46580 Phone: (574) 372-2328 Fax: (574) 372-2469

<mailto:rhelser@kcgov.com>

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/>.