

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CASS COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/16/2024

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	5-7
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.....	13-16
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	18-21
Corrective Action Plan	22
Other Reports.....	23

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Cheryl Alcorn	01-01-23 to 12-31-24
County Treasurer	Daphne Slusher	01-01-23 to 12-31-24
Clerk of the Circuit Court	Destry Richey	01-01-23 to 12-31-24
County Sheriff	Edward Schroder	01-01-23 to 12-31-24
County Recorder	Beth Liming	01-01-23 to 12-31-24
President of the Board of County Commissioners	Ruth Baker	01-01-23 to 12-31-24
President of the County Council	Tracy Williamson David Redweik	01-01-23 to 12-31-23 01-01-24 to 12-31-24



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

TO: THE OFFICIALS OF CASS 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 Cass 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 28, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Cass County's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

August 28, 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 CASS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cass 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.

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 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)

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

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.

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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 August 28, 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 28, 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.

CASS 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 Victim Advocacy Grant	Indiana Criminal Justice Institute	16.575	I5POVC-21-GG-00625-ASSI	\$ -	\$ 25,151
Violence Against Women Formula Grants STOP Grant	Indiana Criminal Justice Institute	16.588	STOP-2021-0046	-	11,933
Total - Department of Justice				-	37,084
<u>Department of Transportation</u>					
Highway Safety Cluster State and Community Highway Safety CHIRP	Indiana Criminal Justice Institute	20.600	CHIRP-2022-00010	-	17,387
Total - Highway Safety Cluster				-	17,387
Highway Planning and Construction Bridge County Road 400 S Reconstruction Phase 4	Indiana Department of Transportation	20.205	DES 1592157 DES 1600928	- -	73,979 182,104
Total - Highway Planning and Construction				-	256,083
Formula Grants for Rural Areas and Tribal Transit Program Transit Authority	Indiana Department of Transportation	20.509	PO 0018811055	762,912	762,912
Interagency Hazardous Materials Public Sector Training and Planning Grants HazMat Preparedness Grant	Indiana Department of Homeland Security	20.703	693JK32240055HMEP	-	5,618
Total - Department of Transportation				762,912	1,042,000
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan COVID Grant	Direct Grant	21.027	FY 2023	-	2,945,808
Total - Department of the Treasury				-	2,945,808
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Public Health Coordinator Grant BPRS 108-75	Indiana Department of Health	93.069	Vendor ID 54625	-	33,027
Immunization Cooperative Agreements COVID Vaccine Child	Indiana Department of Health	93.268	NH23IP922631	-	19,385

CASS 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
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Infectious Disease Grant	Indiana Department of Health	93.323	NU50CK000503	-	34,205
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID-19 Local Health Dept School Grant	Indiana Department of Health	93.354	NU90TP922179	-	55,000
Child Support Services	Indiana Department of Child Services	93.563			
Indirect Costs			FY 2023	-	32,273
Prosecutor Incentive Post			FY 2023	-	10,747
Clerk Incentive Child Support			FY 2023	-	8,586
Prosecutor Expenditure Child Support			FY 2023	-	104,618
Clerk Expenditure Child Support			FY 2023	-	8,966
Title IVD Incentive			FY 2023	-	33,393
Total - Child Support Services				-	198,583
Foster Care Title IV-E Title IV-E Foster Care	Indiana Public Defender Commission	93.658	20220030	-	3,606
Opioid STR JPAR Addiction Response Grant	Indiana Supreme Court	93.788	23-5JC89-C9-4	-	69,295
Total - Department of Health and Human Services				-	413,101
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) COVID-EMA Disaster Grant	Indiana Department of Homeland Security	97.036	DR4515	-	5,539
Emergency Management Performance Grants EMPG 2021 Salary Grant EMPG 2022 Salary Grant	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00004 EMC-2022-EP-00005	-	27,487 28,939
Total - Emergency Management Performance Grants				-	56,426
Total - Department of Homeland Security				-	61,965
Total federal awards expended				<u>\$ 762,912</u>	<u>\$ 4,499,958</u>

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

CASS 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.

CASS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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
20.509	Formula Grants for Rural Areas and Tribal Transit Program	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

Section II - Financial Statement Findings

FINDING 2023-001

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 2022-002.

CASS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

The County filed its reports as prescribed; however, the internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The County did not properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

- The Formula Grants for Rural Areas and Tribal Transit Program overstated expenditures by \$71,288. In addition, the passed through to subrecipient amount was overstated by \$71,288.
- The Child Support Services grant understated expenditures by \$79,034.
- Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$57,818, in total.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

CASS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.
- (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."

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](#)."

CASS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

The County had internal controls in place over the preparation of the SEFA; however, the internal controls were not effective in identifying material errors identified in the *Condition and Context*.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*. Effective internal controls over the preparation of the SEFA should be in place to identify any material errors prior to the submission of the SEFA.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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

**Cass County Government Building
200 Court Park
Logansport, IN 46947**



**Cass County Auditor
Cheryl Alcorn
Room 105
574-753-7700 cheryl.alcorn@co.cass.in.us**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

**Fiscal year in which the finding initially occurred: 2022
Current Audit Period: 1/1/23 to 12/31/23**

**Finding Subject: Financial Transactions and Reporting
Summary of Finding:**

The County failed to properly review the financial information prepared and submitted in Gateway. Although one employee prepared and entered the financial information into Gateway and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors:

1. The beginning cash and investment balance for the American Rescue Plan COVID Grant fund did not include the funds held in an investment, which understated beginning and ending cash and investments by \$3,250,000.
2. The County Redevelop Commission fund did not include the activity related to the TIF Bond - Waelz Project, which understated receipts and disbursements by \$17,000,000.

Audit adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report.

Cash and Investments - Clerk of the Circuit Court

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) office related to financial transactions and reporting. The Clerk 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, errors related to cash and investments.

The Bookkeeping Deputy Clerk prepared the monthly reconciliation without a review, oversight, or approval process to ensure that the reconciliation was accurate.

Status of Audit Finding: *Fully Corrected and the original corrective action was implemented.*

**Cass County Government Building
200 Court Park
Logansport, IN 46947**



**Cass County Auditor
Cheryl Alcorn
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDINGS 2021-001 and 2022-002

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: 1/1/23 to 12/31/23

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

Summary of Finding:

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect or correct errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

- 1) The Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program grant incorrectly included state expenditures, which overstated expenditures by \$258,018. In addition, the passed through to subrecipient amount was understated by \$45,504.
- 2) The Formula Grants for Rural Areas and Tribal Transit Program passed through to subrecipient amount was understated by \$1,211,454.
- 3) Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$69,427, in total.

Status of Audit Finding: Not Corrected

Response Comments:

Federal Grant Reports were incorrectly submitted by Departments. Departments are responsible to manage their grants and properly report expenditures to the Auditor for SEFA reporting. Transit Program experienced administration issues resulting in director position vacancy for several months. Improvements continue in implementing procedures and controls with Department Heads' Grant Verification Reports and ACH notifications received are properly coded to ensure proper reporting and entering of grant funding.

**Cass County Government Building
200 Court Park
Logansport, IN 46947**



**Cass County Auditor
Cheryl Alcorn
Room 105
574-753-7700 cheryl.alcorn@co.cass.in.us**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

**Fiscal year in which the finding initially occurred: 2022
Current Audit Period: 1/1/23 to 12/31/23**

Finding Subject: Formula Grants for Rural Areas and Tribal Transit Program - Suspension and Debarment

Summary of Finding:

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 non-procurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the SAM exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

The County's policy related to suspension and debarment requirements included the County Auditor reviewing the SAMs website for exclusions, sharing the results with a County Commissioner for review, and both the County Auditor and the County Commissioner signing a document certifying that a diligent inquiry had been performed. The County entered into one covered transaction during the audit period totaling \$1,211,454. The covered transaction was a subrecipient grant agreement with the Cass County Council on Aging (CCCOA) in which the County was the *Grantee* and CCCOA was the *Operator*. Per inquiry with the County Auditor, the County could not provide evidence of the performance of its procedures for 2022 to ensure that the CCCOA was not suspended, debarred, or otherwise excluded from or ineligible for participation in federal assistance programs or activities as no documentation was dated. As such, we could not determine if the County complied with the suspension and debarment requirements.

Status of Audit Finding: *Fully Corrected and the original corrective action was implemented.*

**Cass County Government Building
200 Court Park
Logansport, IN 46947**



**Cass County Auditor
Cheryl Alcorn
Room 105
574-753-7700 cheryl.alcorn@co.cass.in.us**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 1/1/23 to 12/31/23

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

The County had not established a system of internal controls that would likely be effective in preventing, or detecting and correcting, noncompliance. Recipients are required to submit quarterly or annual 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 county with a population below 250,000 residents that received an allocation of less than \$10 million in State and Local Fiscal Recovery Funds. As such, the initial P&E report covering the period from March 3, 2021 to March 31, 2022, was required to be submitted to the Treasury by April 30, 2022. The subsequent annual reports are to cover one calendar year and must be submitted to the Treasury by April 30 each year.

The County submitted the P&E report by April 30, 2022, as required; however, the report was not mathematically accurate and complete, nor was it supported by the unit's records. Additionally, data accumulated and summarized was not accurate and complete. The key line items of "Cumulative Expenditures" and "Current Period Expenditures" as reported on the P&E report did not agree to the County's ledger. The amounts reported for the two key line items noted were understated as not all activity for the reporting period was properly included.

Status of Audit Finding: *Fully Corrected and the original corrective action was implemented.*

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CORRECTIVE ACTION PLAN

FINDING 2023-001

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

Summary of Finding: The County did not properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered; the internal controls were not effective and did not detect and allow correction of errors prior to submission.

**Contact Person Responsible for Corrective Action: Cheryl Alcorn, County Auditor
Contact Phone Number: 574-753-7700 cheryl.alcorn@co.cass.in.us**

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Auditor and Grant Recipient/Department Head will work together to ensure grant amounts are properly separated and identified by Federal CFDA Number when completing SEFA Report in Annual Financial Report.

Improvements continue in implementing procedures and controls with Department Heads' Grant Verification Reports and ACH notifications received are properly coded to ensure proper reporting and entering of grant funding.

The corrective plan of action will include a review of SEFA Report by deputy auditors, upon review process the Auditor will ensure SEFA report to be complete and accurate.

Anticipated Completion Date:

Corrective action plan will start immediately.

***Cheryl Alcorn, Cass County Auditor
August 19, 2024***

OTHER REPORTS

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