

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BARTHOLOMEW COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pia O'Connor	01-01-23 to 12-31-24
County Treasurer	Barbara Hackman	01-01-23 to 12-31-24
Clerk of the Circuit Court	Shari Lentz	01-01-23 to 12-31-24
County Sheriff	Chris Lane	01-01-23 to 12-31-24
County Recorder	Tami Hines	01-01-23 to 12-31-24
President of the Board of County Commissioners	Tony London Larry S. Kleinhenz	01-01-23 to 04-28-24 04-29-24 to 12-31-24
President of the County Council	Jorge R. Morales	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 BARTHOLOMEW 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 Bartholomew County (County), for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated September 12, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

Bartholomew County's Response to Findings

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

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

September 12, 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 BARTHOLOMEW COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Bartholomew 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.

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

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

Basis for Qualified Opinion

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.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2023-002 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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)

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.

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 2023-003. Our opinion on the major federal program is not modified with respect to these matters.

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)

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002 and 2023-003, 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 September 12, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 12, 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.

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BARTHOLOMEW 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 Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2023	\$ -	\$ 7,648
Child Nutrition					
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2023	-	628
National School Lunch Program	Indiana Department of Education	10.555			
Child Nutrition			FY 2023	-	22,775
Total - National School Lunch Program				-	23,403
Total - Child Nutrition Cluster				-	31,051
Total - Department of Agriculture				-	31,051
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
VOCA			VOCA-2022-00285	-	132,375
Treatment Court Discretionary Grant Program	Direct Grant	16.585			
Drug Court Grant			2018-DC-BX-0070	-	32,601
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
STOP LEA Training			2019-WF-AX-0005	-	1,521
STOP			2020-WF-AX-0031	-	14,141
STOP			15JOVW-22-GG-00423	-	39,232
Total - Violence Against Women Formula Grants				-	54,894
Residential Substance Abuse Treatment for State Prisoners	Indiana Criminal Justice Institute	16.593			
WRAP			2020-F2-BX-0009	-	45,974
WRAP			15PBJA-21-GG-00057-RSAT	-	86,671
Total - Residential Substance Abuse Treatment for State Prisoners				-	132,645
Total - Department of Justice				-	352,515
<u>Department of Transportation</u>					
Highway Safety Cluster					
State and Community Highway Safety	Indiana Department of Transportation	20.600			
Chirp			CHIRP-2023-00018	-	24,691
Total - Highway Safety Cluster				-	24,691
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge Inspection			DES 1700732	-	36,929
Highway			DES 1801047	-	141
Highway			DES 1900116	-	31,897

BARTHOLOMEW 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
Highway			DES 2100107	-	73,941
Highway			DES 2101702	-	27,440
Highway Planning & Construction			DES 2101683	-	<u>27,620</u>
Total - Highway Planning and Construction				-	<u>197,968</u>
Total - Department of Transportation				-	<u>222,659</u>
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan	Direct Grant	21.027	2023	-	<u>2,697,867</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Health Issues and Challenges	Indiana Department of Health	21.027	64212	-	<u>28,920</u>
Total - Department of the Treasury				-	<u>2,726,787</u>
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Public Health Preparedness	Indiana Department of Health	93.069	NU90TP922052	-	<u>12,507</u>
COVID-19 - Immunization Cooperative Agreements Immunization Cooperative Agreement	Indiana Department of Health	93.268	NH23IP922631-02-03	-	<u>91,359</u>
Immunization Cooperative Agreements COVID 19 Immunization and Vaccine Clinic	Indiana Department of Health	93.268	NH23IP000723	-	<u>59,327</u>
Total - Immunization Cooperative Agreements				-	<u>150,686</u>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) COVID Testing Site	Indiana Department of Health	93.323	NU50CK000503	-	<u>138,677</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID-19 Public Health Crisis	Indiana Department of Health	93.354	NU90TP922179	-	<u>44</u>
Child Support Services Prosecutor Expenditures Clerk Expenditures Indirect Cost Title IV-D Incentive Prosecutor IV-D Incentive Clerk IV-D Incentive	Indiana Department of Child Services	93.563	FY2023 FY2023 FY2023 FY2023 FY2023 FY2023	- - - - - -	310,425 28,648 174,619 8,000 49,930 32,147
Total - Child Support Services				-	<u>603,769</u>
State Court Improvement Program CIP	Indiana Supreme Court	93.586	Bartholomew-CIP-2020T	-	<u>439</u>
Foster Care Title IV-E	Indiana Department of Child Services	93.658	EST-2301INFOST	-	<u>20,123</u>

BARTHOLOMEW 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
Opioid STR Opioid STR	Indiana Supreme Court	93.788	2023 Opioids	-	<u>60,000</u>
Total - Department of Health and Human Services				-	<u>986,245</u>
<u>Department of Homeland Security</u>					
BRIC: Building Resilient Infrastructure and Communities 2019 Pre-Disaster	Indiana Department of Homeland Security	97.047	EMC-2020-PC-0002	-	<u>8,425</u>
Homeland Security Grant Program Homeland Security	Indiana Department of Homeland Security	97.067	EMW-2021-SS-00032	-	<u>212,216</u>
COVID-19 - Emergency Management Performance Grant Emergency Management Performance Grant	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005	-	<u>40,000</u>
Emergency Management Performance Grants Emergency Management Performance Grant	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005	-	<u>46,032</u>
Total - Department of Homeland Security				-	<u>298,248</u>
Total federal awards expended				<u>\$ -</u>	<u>\$ 4,625,930</u>

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

BARTHOLOMEW 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.

BARTHOLOMEW 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 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	Qualified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: 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 2022-001.

Condition and Context

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

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 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 SEFA presented for audit did not properly reflect the federal award expenditures of the County. The following errors were identified:

- The Homeland Security Grant program expenditures were omitted, which understated expenditures by \$212,216.
- Other grants had individually immaterial errors, which resulted in misstatements of expenditures of \$627,615 in total.
- Other errors included incorrect Assistance Listings Numbers, program names, and identifying numbers.

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

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (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."

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Cause

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

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

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): 2023
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-002.

Condition and Context

Procurement Policy

Recipients may use award funds to enter into contracts to procure goods and services necessary to implement one or more of the eligible purposes outlined for COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) award funds. Policies and procedures for the procurement of the goods and services must be the County's own documented procedures which reflect applicable state and federal laws and regulations.

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County did not have documented procurement procedures or policies reflecting applicable state or federal laws and regulations for procuring goods and services paid with federal funds.

Suspension and Debarment

Prior to entering into subawards and covered transactions with the SLFRF 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 System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

The County did not have any policies or procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded. A population of seven covered transactions, totaling \$2,631,684, that equaled or exceeded \$25,000 paid from SLFRF funds were identified. Four of the seven covered transactions, totaling \$1,399,462, were selected for testing. For each of the four transactions, the County did not verify the vendors' suspension or debarment status prior to payment due to the County not having any policies or procedures in place to verify that contractors were neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities.

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 200.318(a) states:

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

31 CFR 19.300 states:

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

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

The County did not have a procurement policy in place that contained the requirements of the procurement standards as outlined in the Code of Federal Regulations. Due to the timing of the adoption of the County's Suspension and Debarment Policy, which defines procedures to verify suspension and debarment status for covered transactions, the items selected for testing were not verified.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommend that management of the County strengthen its system of internal controls 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 programs before entering into contracts. We also recommended strengthening its policies to reflect applicable state and federal laws and regulations for procuring goods and services paid with federal funds.

Views of Responsible Officials

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

FINDING 2023-003

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

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-003.

Condition and Context

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

The County was classified as a metropolitan county with a population below 250,000 residents that received an allocation of more than \$10 million in COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) award funds. As such, the initial P&E report, covering the period from March 3, 2021 to December 31, 2021, was required to be submitted to the Treasury by January 31, 2022. The subsequent quarterly reports were to cover one calendar quarter and must be submitted to the Treasury by the last day of the month following the end of the period covered.

The County submitted all four P&E reports that were required during the audit period. Although a review process over the reports was in place, the internal controls were not effective and did not detect and allow corrections of errors in the reports. As a result, the following errors were noted:

- The current period expenditures were incorrectly reported on two of four reports. The current period expenditures were underreported by \$70,309 and \$13,090 in the Q4 2022 and Q3 2023 reports, respectively.
- The total cumulative expenditures were incorrectly reported on all four reports. The total cumulative expenditures were overreported by \$174,750 in the Q4 2022 and Q1 2023 reports, and \$19,204 in the Q3 2023 report. The total cumulative expenditures were underreported by \$690,272 in the Q2 2023 report.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

BARTHOLOMEW COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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

Cause

A proper system of internal controls was not designed or implemented by management of the County to prevent and detect errors on the P&E report prior to submission.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material non-compliance. As such, the County did not report current period expenditures and total cumulative expenditures properly when filing the P&E reports for the quarterly reporting periods from October 1, 2022 to September 30, 2023.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County. In addition, not meeting the SLFRF reporting requirements increases the likelihood that the public and the Treasury will not have access to transparent and accurate information regarding expenditures of federal awards.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County develop policies and procedures to ensure the County provides the Treasury with complete and accurate information for the P&E report.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-001
FINDING 2022-001

Fiscal year in which the finding initially occurred: 2012
Current Audit Period: 2023

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

Summary of Finding:

The County failed to establish effective internal controls over the preparation of the schedule of expenditures of federal awards and as a result certain federal awards were not reported correctly.

Status of Audit Finding:

Partially Corrected

Response Comments:

In 2023, our Director of Finance assumed the responsibilities of the reviewing, monitoring and working with the various departments on any monies received through grants. She also prepares the Schedule of Expenditures of Federal Awards. The Director of Finance works closely with each departments making sure revenue, disbursements and beginning and ending balances within our financial software agree with their reports. Once she has completed the Schedule of Expenditures, she and the Chief Deputy review the information before it is uploaded into the Annual Report on Gateway.

Our office will continue to meet the required aspects of the Internal Control Standards and will further implement systems so that any errors are detected and corrective measures are made as needed.

Focused on providing accurate information, maintaining and enhancing government transparency, and delivering great customer service to Bartholomew County.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 2023

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

Summary of Finding:

The County failed to establish effective internal controls over the Suspension and Debarment Compliance requirement over the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds program and as a result there was noncompliance detected due to vendors not being verified for suspension and debarment prior to payment.

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

Status of Audit Finding:

Partially corrected.

Response Comments:

The County has implemented a Procurement, Suspension and Debarment Policy. By establishing this system of Internal Controls and developing the proper policies and procedures, this helps ensure contractors and sub recipients, as appropriate are not suspended, debarred or otherwise excluded prior to entering any contacts or sub awards.

The issue was only partially corrected because most of the purchases were made with vendors that had already been used in the prior years before a suspension and debarment check was done.

The Auditor's Office continues to work with the Commissioners to improve the process of administering the COVID-19 Coronavirus State and Local Fiscal Recovery Funds. This includes, but is not limited to, internal controls and procurement, suspension and debarment processes.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

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:

The County failed to establish effective internal controls over the Reporting compliance requirement over the COVID-19- Coronavirus State and Local Fiscal Recovery Funds program and as a result there were errors that were not prevented, detected, or corrected on the submitted quarterly reports.

The SBOA recommended that the County's management should develop policies and procedures to ensure that the County provides the Treasury with complete and accurate information for the P&E report.

Status of Audit Finding:

Partially Corrected.

Response Comments:

The County set a process in place to ensure we have complete and accurate information for the P & E report. The Director of Finance or the Chief Deputy run the needed reports for the COVID-19 reporting from the Financial Software. The Auditor reviews the reports and prepares the P & E report. This report is presented to the County Commissioners and the County Council for the review before the P & E Report in submitted to the Treasury.

The issue was only partially corrected due to a formula error that did not correctly calculate the amounts that should have been used on the report.

The Bartholomew County Auditor's Office converted their financial software system to LOW Financial in 2024 and are pleased with the reports thus far. It is our hope with the new process and improved financial reports, effective internal controls are in place to assist with the compliance reporting requirements for the COVID-19 Coronavirus State and Local Fiscal Recovery Funds.



CORRECTIVE ACTION PLAN

FINDING 2023-001

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

Summary of Finding:

The County failed to establish effective internal controls over the preparation of the schedule of expenditures of federal awards and as a result certain federal awards were not reported correctly.

Contact Person Responsible for Corrective Action: Pia O'Connor

Contact Phone Number and Email Address: 812-379-1510 and pia.oconnor@bartholomew.in.gov

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Director of Finance consumed the responsibilities of the Grant Administrator, and continues to work with other County Department Heads to obtain relevant grant agreement and reimbursement information. Although we are continuously improving our grant reporting process, we are still reviewing, implementing and training on procedures with various departments and our staff to obtain and provide the information needed to ensure accurate reporting of the federal grant information.

Our office will continue to meet the required aspects of the Internal Control Standards and will further implement systems so that any errors are detected and corrective measures are made as needed.

Anticipated Completion Date:

December 31, 2024

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CORRECTIVE ACTION PLAN

FINDING 2023-002

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

Summary of Finding:

The County had not implemented procurement policy or procedures for procuring goods and services paid with Federal funds.

The County did not have policies or procedures in place to verify that the entities which they entered into covered transactions were not suspended, debarred, or otherwise excluded. Four out of seven covered transactions were selected for testing, and none of the contractors' suspension or debarment statuses were checked prior to payment.

Contact Person Responsible for Corrective Action: Pia O'Connor

Contact Phone Number and Email Address: 812-379-1510 and pia.oconnor@bartholomew.in.gov

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The Auditor's Office will continue to work with the Commissioner's Office and other county departments to improve upon the process of administering the COVID-19 Coronavirus State and Local Fiscal Recovery Fund. The County implemented a Procurement, Suspension and Debarment Policy; however it did not specifically reference federal funds. The County will amend the current policy to include the necessary verbiage and information related to the federal funds. By establishing this system of Internal Controls and developing the proper policies and procedures, this should help ensure contractors and sub recipients, as appropriate are not suspended, debarred or otherwise excluded prior to entering any contacts or sub awards.

Anticipated Completion Date:

December 31, 2024

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CORRECTIVE ACTION PLAN

FINDING 2023-003

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

Summary of Finding:

The County did not have effective internal controls in place to ensure that P&E reports submitted were accurate. This allowed errors on P&E reports to remain undetected and uncorrected. It was recommended that policies and procedures be put in place to ensure that all reports were complete and accurate.

Contact Person Responsible for Corrective Action: Pia O'Connor

Contact Phone Number and Email Address: 812-379-1510 and pia.oconnor@bartholomew.in.gov

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

The County implemented an additional procedure to ensure we have complete and accurate information for the P & E report. Beginning with the 3rd Quarter P&E report, the County had added a person to assist with these reports by creating the reports through our financial software and reviewing the figures and information before giving the reports to the Auditor. The County Auditor prepared the P & E reports and then the Commissioner's reviewed before the Auditor submitted the report to the Treasury. Due to the financial software (Software Solutions), there were reporting issues between quarters. The Bartholomew County Auditor's Office continuously strives to improve upon our process and during 2024, changed financial software to LOW Financial to help with reporting and will implement an additional check and balance prior to the Treasury.

Anticipated Completion Date:

December 31, 2024

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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/>.