

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MARSHALL COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
09/11/2024



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Angela C. Birchmeier	01-01-23 to 12-31-24
County Treasurer	Kelly S. Einspahr	01-01-23 to 12-31-24
Clerk of the Circuit Court	Jenny S. Bennitt	01-01-23 to 12-31-24
County Sheriff	Matthew K. Hassel	01-01-23 to 12-31-24
County Recorder	Janet S. Howard	01-01-23 to 12-31-24
President of the Board of County Commissioners	Stan L. Klotz	01-01-23 to 12-31-24
President of the County Council	Jesse E. Bohannon	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 MARSHALL 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 Marshall 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 21, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

August 21, 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 MARSHALL COUNTY, INDIANA

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

***Qualified Opinion***

We have audited Marshall 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 Fund***

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 2023-001 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***

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

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

**Report on Internal Control over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, to be material weaknesses.

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

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

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

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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated August 21, 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 21, 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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MARSHALL 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
<b>Department of Agriculture</b>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana State Department of Health	10.557			
WIC 8801 FY 2023			Contract 65567	\$ -	\$ 198,295
WIC 8804 FY 2024			Contract 76447	-	23,171
Total - WIC Special Supplemental Nutrition Program for Women, Infants, and Children				-	221,466
Total - Department of Agriculture				-	221,466
<b>Department of Justice</b>					
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738			
JAG-2022-00108			JAG-2022-00108	-	1,574
Total - Department of Justice				-	1,574
<b>Department of Transportation</b>					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs					
Operating & PMTF	Indiana Department of Transportation	20.526			
OAS Capital			18040700 Operating Grant Contr	54,128	54,128
OAS Capital - Bus Replacement			Contract #50689 Project 340070	47,600	47,600
OAS Capital			Contract #69991 Project 343697	46,000	46,000
			Project 3401070C EDS #A249-23-	55,290	55,290
Total - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				203,018	203,018
Total - Federal Transit Cluster				203,018	203,018
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
CHIRP 2023 CITLI			CHIRP-2023-00036	-	5,270
Total - Highway Safety Cluster				-	5,270
Highway Planning and Construction					
Bridge #120 S Upas Road Fund 1135	Indiana Department of Transportation	20.205			
Bridge #87 11th Road Fund 1135			DES 1702838	-	53,835
Bridge #232 Randolph Street FY21-25			DES 1702839	-	65,594
Countywide Bridge Inspection Fund 1135			DES 1902820	-	64,278
Bridge #231 Center Street			DES 2101055	-	97,752
Highway-Bridge#73 King Road			DES 2101698	-	54,690
			DES1600931	-	57,956
Total - Highway Planning and Construction				-	394,105

MARSHALL 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
Formula Grants for Rural Areas and Tribal Transit Program OAS Capital Operating & PMTF 2023	Indiana Department of Transportation	20.509	3400870C Discretionary Capital 1804170O Operating Grant Contr	50,203 <u>150,104</u>	50,203 <u>150,104</u>
Subtotal - Formula Grants for Rural Areas and Tribal Transit Program				<u>200,307</u>	<u>200,307</u>
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program CARES Operating 2023	Indiana Department of Transportation	20.509	CARES 1804170O Operating Grant	<u>38,792</u>	<u>38,792</u>
Total - COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program				<u>239,099</u>	<u>239,099</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated CHIRP 2023 DUITF	Indiana Criminal Justice Institute	20.608	CHIRP-2023-00036	-	<u>6,863</u>
Total - Department of Transportation				<u>442,117</u>	<u>848,355</u>
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Local Body Camera Grant (ILBC) ARP American Rescue Plan ARPA - Lead Level Reduction	Indiana Department of Homeland Security Direct Grant Indiana State Department of Health	21.027	62451 ARPA 2021-2022 Contract 65755	- - -	4,800 3,213,071 <u>4,559</u>
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				-	<u>3,222,430</u>
Total - Department of the Treasury				-	<u>3,222,430</u>
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Emergency Preparedness Grant	Indiana State Department of Health	93.069	Contract 63154	-	<u>4,167</u>
Immunization Cooperative Agreements COVID-19 and Routine Immunization Grant	Indiana State Department of Health	93.268	Contract 53410 & Amendment #1	-	<u>86,920</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Crisis CoAg Supplemental Testing School Reopening Grant	Indiana State Department of Health	93.354	Contract 64853 / 1NU90TP922179 Contract 65554	- -	50,000 <u>142,362</u>
Total - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				-	<u>192,362</u>

MARSHALL 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
Child Support Services	Indiana Department of Child Services	93.563			
IV-D Incentive Clerk Fund 8899			Clerk	-	6,345
IV-D Incentive-County			County	-	4,500
IV-D Reimbursement Indirect Costs & FFP			Indirect & FFP	-	194,997
IV-D Incentive Prosecutor Fund 8897			Prosecutor	-	42,962
Total - Child Support Services				-	248,804
Opioid STR	Indiana Supreme Court Office of Judicial Administration	93.788			
IN State Opioid Response Grant			22-5JC89-C50-001	-	35,966
2024 Justice Partners Addiction Response Grant			24-5JC89-C50-4	-	746
Total - Opioid STR				-	36,712
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs SUID_SDY	Indiana State Department of Health	93.946			
			Contract 51216 Amendment #1	-	500
Total - Department of Health and Human Services				-	569,465
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Lake Enforcement DNR Fund 8811	Indiana Department of Natural Resources	97.012			
			Amendment #2 Contract 51386	-	7,500
Emergency Management Performance Grants 2022 EMPG	Indiana Department of Homeland Security	97.042			
			Contract 68326 FR-2022-EMPGS-0	-	29,526
BRIC: Building Resilient Infrastructure and Communities Multi Hazard Mitigation Grant	Indiana Department of Homeland Security	97.047			
			Contract 65367	-	18,457
Total - Department of Homeland Security				-	55,483
Total federal awards expended				\$ 442,117	\$ 4,918,773

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

MARSHALL 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.

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Qualified

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

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

No matters are reportable.

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

**FINDING 2023-001**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - 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): ARPA 2021-2022  
 Compliance Requirement: Procurement and Suspension and Debarment  
 Audit Findings: Material Weakness, Modified Opinion

MARSHALL 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 2022-001.

*Condition and Context*

The County elected to receive the standard revenue loss allowance, allowing the County to claim its total State and Local Fiscal Recovery Funds (SLFRF) allocation of \$8,985,074 as revenue loss to use for government services. As such, all SLFRF program funds were expended under the revenue loss eligible use category. The U.S. Department of the Treasury (Treasury) determined that there are no subawards under this eligible use category and that recipients' use of revenue loss funds would not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

Prior to entering into subawards and covered transactions with 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. Due to the Treasury's determination that the revenue loss eligible use category does not give rise to subawards, the County was only required to comply with suspension and debarment requirements related to covered transactions.

Upon inquiry of the County, in order to review the 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, it was noted that the Board of County Commissioners approved the use of the Certification form at their August 21, 2023 meeting. The Certification form is a vendor's or contractor's self-certification that they are not suspended or debarred from participation in federal programs. Due to the timing of the implementation of the Certification form, the majority of the applicable covered transactions entered into for the audit period were procured or paid prior to implementation.

A population of 11 covered transactions totaling \$2,934,371 for goods or services that equaled or exceeded \$25,000 paid from SLFRF funds during the audit period was identified. Documentation supporting that the vendors suspension and debarment status was verified prior to payment was requested for all 11 covered transactions. The results of our testing were as follows:

- For 1 vendor, the County was able to provide appropriate documentation.
- For 3 of the vendors, the County was able to provide signed certifications, but the certifications were not obtained until after payment had been made.
- For 7 of the vendors, the County did not verify the vendors' suspension and debarment status prior to payment.

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

*Criteria*

2 CFR 200.303 states in part:

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

"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). . . ."

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 do business is not excluded or disqualified. You do this by:

- (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 was unable to provide documentation to demonstrate they checked the EPLS to verify the contractors were not suspended or debarred prior to entering into the contracts. The County noted for several contractors this was due to the timing of the prior audit and not implementing policies and procedures until part way through the current audit period.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure the contractors paid with federal funds are eligible to participate in federal programs. Any program funds 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 recommended that management of the County utilize their Certification form or one of the other methods available prior to payment of all contractors that are paid \$25,000 or more, all or in part, 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.

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#### AUDITEE-PREPARED DOCUMENTS

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



## Marshall County Auditor

Angela C. Birchmeier  
112 W. Jefferson St., Room 205  
Plymouth, IN 46563

Phone: 574-935-8555

Fax: 574-935-4863

email: [angieb@co.marshall.in.us](mailto:angieb@co.marshall.in.us)

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2022-001*** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Angela C. Birchmeier, County Auditor

Contact Phone Number: (574) 935-8555

**Fiscal year in which the finding initially occurred:** 2022

**Current Audit Period:** 2023

**Finding Subject:** Federal Award Findings and Questioned Costs / COVID-19  
Coronavirus State and Local Fiscal Recovery Funds – Suspension and Debarment

**Summary of Finding:**

The County was required to verify contractors and subrecipients were not suspended, debarred, or otherwise excluded prior to entering into covered transactions with SLFRF award funds. Covered transactions include contracts for goods and services awarded under a non-procurement transaction that are expected to equal or exceed \$25,000.

The County and Auditor's office were unaware of the requirement that a contract over \$25,000 needed verification that the contractor had not been suspended or disbarred.

**Status of Audit Finding:**

Partially Corrected.

**Response Comments:**

On August 21, 2023 the Board of Commissioners approved the use of Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion form for approval.

The elected official/department head is responsible for requesting a completed Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion from and present to the Auditor's Office.

We attempted to verify during the claims process but due to the number of claims this was not feasible. Implemented in calendar year 2024 that all claims being paid out of the 8000 series fund be directed to the Grant Administrator to verify.

Angela C. Birchmeier  
Title: Marshall County Auditor  
Date: June 13, 2024



## Marshall County Auditor

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### CORRECTIVE ACTION PLAN

***FINDING 2023-001*** (Auditor Assigned Reference Number)

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

**Summary of Finding:** Material Weakness, Modified Opinion

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Suspension and Debarment

**Contact Person Responsible for Corrective Action:** Angela C. Birchmeier, County Auditor

**Contact Phone Number:** (574) 935-8555

**Views of Responsible Official:** We concur with the finding.

**Description of Corrective Action Plan:** The County and Auditor's office were made aware of the deficiency during the 2022 audit and made changes to the verification of a contractor is not suspended or debarred for any contract over \$25,000.00. The Commissioners approved a form for the various departments to have signed by their vendors at the August 21, 2023 meeting. In the interim, we tried to verify contracts by checking the EPLS (Excluded Parties List System) or to identify a clause in the contract.

Each individual department is responsible for having the form signed by the vendor to ensure they are not suspended or debarred and that document is included with the claim by the department when entered into the portal for payment.

Anticipated Completion Date:

We have already implemented this procedure effective April 2023.

Angela C. Birchmeier

Title: Marshall County Auditor

Date: July 26, 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/>.