

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/23/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-17
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-23
Corrective Action Plan	24-25
Other Reports.....	26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Angela Jarvis	01-01-23 to 12-31-24
County Treasurer	Tiffany N. Griffith (Vacant) April Legare	01-01-23 to 06-14-24 06-15-24 to 06-17-24 06-18-24 to 12-31-24
Clerk of the Circuit Court	Pamela K. Harris	01-01-23 to 12-31-24
County Sheriff	Delmiro Garcia	01-01-23 to 12-31-24
County Recorder	Kathy Foy	01-01-23 to 12-31-24
President of the Board of County Commissioners	Mark Bardsley Ron Stewart	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Shane Middlesworth	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 GRANT 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 Grant 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 11, 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 items 2023-001 and 2023-002, 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.

Grant 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 11, 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 GRANT COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Grant County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2023. The County's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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)

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

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

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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated September 11, 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 11, 2024

(This page intentionally left blank.)

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.

GRANT COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Victims Assistance			VOCA-2022-00065	\$ -	\$ 58,685
Victims Advocate			VOCA-2022-00162	-	15,648
Total - Crime Victim Assistance				-	74,333
Treatment Court Discretionary Grant Program	Direct Grant	16.585			
FRC Enhancement			2019-DC-BX-0108	-	119,208
Adult Drug Court Enhancement			2020-DC-BX-0143	-	103,451
Total - Treatment Court Discretionary Grant Program				-	222,659
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
Spotlight (Stop)			STOP-2022-00028	-	34,586
STOP LEA			STOP-LEA-2022-00017	-	16,635
Total - Violence Against Women Formula Grants				-	51,221
Total - Department of Justice				-	348,213
<u>Department of Transportation</u>					
Highway Safety Cluster					
State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600			
			CHIRP 2023-00071	15,408	20,573
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616			
SAVE			SAVE-2023-00036	741	24,823
Total - Highway Safety Cluster				16,149	45,396
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Highway Planning and Construction			Des #1902079	-	52,204
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute	20.608			
20.608 DUI Task Force			CHIRP-2023-00071	1,345	3,442
Total - Department of Transportation				17,494	101,042
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Direct Grant	21.027			
ARPA/Coronavirus Recovery			FY 2023	-	245,000
Total - Department of the Treasury				-	245,000

GRANT 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 Health and Human Services</u>					
Public Health Emergency Preparedness Bioterrorism	Indiana State Department of Health	93.069	NU90TP922052	-	18,838
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID-19 Testing	Indiana State Department of Health	93.354	NU90TP922179	-	9,772
Child Support Services Child Support Enforcement Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2023 FY 2023	- -	531,618 54,665
Total - Child Support Services				-	586,283
State Court Improvement Program CIP	Indiana Supreme Court	93.586	Grant-CIP-2022B	-	37,145
Foster Care Title IV-E Foster Care-Title IV-E	Indiana Department of Child Services	93.658	20230026	-	4,806
Opioid STR Opioid Response Opioid Response	Indiana Supreme Court	93.788	23-5JC89-C27-004 24-5JC89-C27-004	- -	51,879 11,414
Total - Opioid STR				-	63,293
Total - Department of Health and Human Services				-	720,137
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMPG EMPG	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00004 EMC-2022-EP-00005	- -	18,460 30,000
Total - Emergency Management Performance Grants				-	48,460
Total - Department of Homeland Security				-	48,460
Total federal awards expended				<u>\$ 17,494</u>	<u>\$ 1,462,852</u>

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

GRANT 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.

GRANT 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?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Child Support Enforcement	Unmodified

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Financial Transactions and Reporting - County Treasurer
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 Treasurer's office had not properly designed or implemented a system of internal controls which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, errors. Deficiencies were noted in the internal control system of the County Treasurer's office related to cash and investments, disbursements, and financial close and reporting.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments - Bank Reconciliations

Depository reconciliations of the fund balances to the bank account balances were attempted but were not considered complete for any month during the audit period. The reconciliations were completed without a review or approval process to prevent, or detect and correct, errors, and, as such, each monthly reconciliation contained uncorrected, identified, and unidentified reconciling items.

On December 31, 2023, the difference between the adjusted bank balance and the County Auditor's Fund Ledger was a cash necessary to balance in the amount of \$69,308 and consisted of the following:

- \$(87,094) - 15 reconciling items were unverifiable, or the resolution noted on the bank reconciliation was unreasonable.
- \$16,606 - 2 reconciling items were presented in the outstanding check list and included on the reconciliation as a deduction from the bank balance.
- \$(1,712) - 2 reconciling items were presented in the outstanding check list and included on the reconciliation as an addition to the bank balance.
- \$1,475 - 2 reconciling items were verifiable.
- \$1,389 - 1 reconciling item is a cumulative total of payments from a court case judgement due to the Treasurer's office posted in error.
- \$28 - 7 reconciling items were immaterial.

Disbursements

Disbursements were recorded without a review or approval process to prevent, or detect and correct, errors.

Financial Close and Reporting

The County Treasurer is required to complete the Supplemental Annual Financial Report (SAFR) and provide it to the County Auditor for inclusion in the County's Annual Financial Report. The SAFR was compiled and provided to the County Auditor without a documented oversight or review process in place to ensure the accuracy of the information. The disbursements reported on the SAFR were understated, and the ending cash and investment balance was overstated by \$264,602.

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:

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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. . . ."

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](#)."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Cause

Management of the County Treasurer's office had not established a proper system of internal controls related to cash and investments, disbursements, and financial close and reporting. Personnel changes in the County Treasurer's office made it difficult to determine what internal controls, if any, were in place during the audit period.

Effect

Without a proper system of internal controls, misstatements or irregularities could have occurred and remained undetected for disbursements and did occur and remained undetected for cash and investments and financial close and reporting as noted in the *Condition and Context*.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2023-002

Subject: Financial Transactions and Reporting - Clerk of the Circuit Court
Audit Finding: Material Weakness

Repeat Finding

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

Condition and Context

The Clerk of the Circuit Court (Clerk) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors. The Clerk had not separated incompatible activities related to depository reconciliations.

Depository reconciliations of the fund balances to the bank account balances were completed without a review or oversight process in place to prevent, or detect and correct, errors for any month during the audit period.

In addition, the Clerk's office had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting requires the Clerk's office to monitor and assess the quality of the system of internal controls.

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. . . .

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"Evaluations are used to determine whether each of the five components of internal controls is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. . . ."

Cause

Management of the Clerk's office had not established a proper system of internal controls. An evaluation of the Clerk's system of internal controls had not been conducted. Management had not conducted a risk assessment related to the Clerk's financial reporting and transactions.

Effect

The failure to establish a system of internal controls could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, misstatements in a timely manner.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

April Legare
Grant County Treasurer
401 S Adams St
Marion, IN 46953
alegare@grantcounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-002 and 2022-001

Fiscal year in which the finding initially occurred: 2011

Current Audit Period: 2023

**Finding Subject: Financial Transactions and Reporting – County Treasurer
Summary of Finding:**

The County Treasurer's office had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors. Deficiencies were noted in the internal control system of the County Treasurer's office related to bank account reconciliations. Due to the ineffective internal controls, the following issues were identified:

1. Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered complete for any month during the audit period as each month contained unidentified reconciling items.
2. Additional work performed by the Indiana State Board of Accounts indicated monthly unidentified reconciling items ranged from \$377,387 cash long to \$280,051 cash short. On December 31, 2022, the difference between the adjusted bank balance and the County Auditor's Fund Ledger was a cash short in the amount of \$151,451.

Status of Audit Finding:

Not Corrected

Response Comments:

The Treasurer's office will continue to be focused on having daily communication with the Auditor's office, verifying all information is received, balancing to the funds ledger and completion of the bank reconciliation will continue to aid in the efforts of preventing deficiencies. Furthermore, all but one bank reconciliation is balanced completely. Corrective actions have been taken & established in office after confirming with State Board of Accounts what could help in future to deter further issues. These actions involve but are not limited to assigning specific duties to staff members, adhering to internal controls put in place to remove opportunity, provide cross-training in all areas to all team members, implementing a bi-annual performance evaluation for all staff members, mandated training each quarter for all staff members, completing a two-person review process for all financial reports and documentation, and verifying that all data entry is accurate. The Treasurer's office has been working with our financial software vendor, LOW and is now utilizing their cashbook. This will help to keep data input accurate for the treasurer's side while still allowing for verification to the auditor's side.

April Legare

Pamela Kay Harris
Grant County Clerk of Courts

Grant County Courthouse
101 East 4th St.
Marion, IN 46952

P. 765-668-8121 ~ pharris@grantcounty.in.gov ~ F. 765-668-6541

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-003 and 2022-002

Contact Person Responsible for Corrective Action: Pamela Kay Harris

Contact Phone Number: 765-668-8121 ~ pharris@grantcounty.in.gov

Finding Subject: Financial Transactions and Reporting – Clerk of the Circuit Court

Summary of Finding:

The Clerk of the Circuit Court (Clerk) had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors. The Clerk had not separated incompatible activities related to depository reconciliations and the Supplemental Annual Financial Report.

1. Depository reconciliations of the fund balances to the bank account balances were completed, without a review or oversight process in place to prevent, or detect and correct, errors for any month during the audit period.
2. The Supplemental Annual Financial Report was completed without a review or oversight process in place to prevent, or detect and correct, errors to ensure the accuracy of the information.

In addition, the Clerk's office had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial *reporting requires the Clerk's office to monitor and assess the quality of the system of internal controls.*

Status of Audit Finding:

Partially Corrected

For the Supplemental Annual Financial Report, the procedures implemented include the Supplemental Annual Financial Report being prepared by the Deputy Clerk and reviewed and approved by the Clerk prior to being submitted to the County Auditor to be included within the Annual Financial Report.

Response Comments:

It is thought that the Clerk has not properly implemented a system of internal controls in regards to depository reconciliations.

The fact that I have only three members of my bookkeeping team does make it a bit difficult.

I do try to see that they each help with the making of the deposits at the end of the day.

Whereas one will put the deposit together, one will double check and the other will make the run across the street to the bank to make the actual deposit.

Upon returning to the office the bank receipt is compared to the paperwork in the office.

At the end of each month, my Head Bookkeeper prepares the “End of the Month Reports”, and we sit down together and go over them. Here she can explain any issues we may have encountered, and the adjustments that may have needed to be made.

When we are both satisfied, we will both sign the bottom of the reports.



GRANT COUNTY SHERIFF'S OFFICE

214 East Fourth Street, Marion, IN 46952

DEL GARCIA
SHERIFF

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2021-004 and 2022-003

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: 2023

Finding Subject: Financial Transactions and Reporting – County Sheriff

Summary of Finding:

The County Sheriff's office had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, errors. The County Sheriff's office had not separated incompatible activities related to depository reconciliations and the Supplemental Annual Financial Report.

1. Depository reconciliations of the fund balances to the Sheriff Inmate Trust bank account balances were attempted, but were not considered complete and correct for December 31, 2022. The monthly reconciliations tested were reviewed by someone other than the preparer, but the internal control was not effective as errors were identified.
2. The Supplemental Annual Financial Report for Jail Commissary and Sheriff Inmate Trust were completed, without a review or oversight process in place to prevent, or detect and correct, errors to ensure the accuracy of the information.

In addition, the County Sheriff's office had no process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting requires the County Sheriff's office to monitor and assess the quality of the system of internal controls.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented

- *Monitoring and Controls – Monthly financial documents (bank statements, reconciliation reports) are completed, initialed and signed by the Matron. Secondly, the documents are submitted to the Clerk of Sheriff's Sales to review, sign and date. The Commissary transaction history ledger, according to IC 36-8-10-21, is submitted to the Sheriff for review and signature.*
- *Depository Reconciliations of the Inmate Trust Bank Account – The monthly CAR1 report is printed and filed with the monthly financial documents. The report detailing individual year-end Inmate Trust balances is uploaded annually to Gateway.*
- *Supplemental Annual Financial Report (SAFR) Controls – The SAFR for the Sheriff's Commissary fund and Inmate Trust account is submitted to the Clerk of Sheriff's Sales or the Intelligence Analyst of the J.E.A.N. Team Drug Task Force for review and signature before submittal to the County Auditor.*

Response Comments:

N/A

April Legare
Grant County Treasurer
401 S Adams St
Marion, IN 46953
alegare@grantcounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2023-001

**Finding Subject: Financial Transactions and Reporting – County Treasurer
Summary of Finding:**

The County Treasurer's Office had not properly designed or implemented a system of internal controls related to Financial Close and Reporting, Disbursements, and Cash and Investments.

**Contact Person Responsible for Corrective Action: April Legare, County Treasurer
Contact Phone Number and Email Address: (765) 668-6556 and alegare@grantcounty.in.gov**

Views of Responsible Officials:

As the current Treasurer, I concur with the Audit Results and Comments included in this report. I do except the responsibilities of this office. From the report, I can identify some weaknesses in this office & will be continuously monitoring my staff in order to find resolutions within our policies & procedures that will be most effective

Description of Corrective Action Plan:

My first initiative is to make certain that monthly financial reports continue to be on time. Our office is now using the provided LOW Cashbook now which has been more compatible when working with the Auditors office. The financial software has aided in verifying that the funds ledgers are balanced daily to the Treasurer's and Auditor's office. Corrective actions have been established in the office with internal controls set in place to further deter further shortages. Each employee will have designated duties and responsibilities. Providing cross training in every area to each employee and will carry on with the bi-annual performance reviews.

Anticipated Completion Date:

I believe this will be a work in progress but will be completing the action plan each & every day.

Per Uniform Guidance:

2 CFR § 200.511(a) – “The auditee is responsible for follow-up and corrective action on all audit findings. . .The auditee must also prepare a corrective action plan for current year audit findings. . . The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS. ”

2 CFR § 200.511(c) – “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in § 200.516, a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.”

Pamela Kay Harris
Grant County Clerk of Courts
Grant County Courthouse
101 East 4th St.
Marion, IN 46952

P. 765-668-8121 ~ pharris@grantcounty.in.gov ~ F. 765-668-6541

CORRECTIVE ACTION PLAN

FINDING 2023-002

Contact Person Responsible for Corrective Action: Pamela Kay Harris
Contact Phone Number: 765-668-8121 ~ pharris@grantcounty.in.gov

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan:

I will continue to monitor the depository reconciliation practices of my staff, in order to be certain that they are following the proper protocol.

My Head Bookkeeper and I will go over the End of Month Reports together, where she will be able to explain any issues that may have occurred with in the previous month.

When we are satisfied, we will both sign the bottom of the reports

Anticipated Completion Date:

My Corrective Action Plan does not have a date of completion, as this will be an ongoing effort.

Respectfully,
Pamela Kay Harris
Clerk of the Grant County Courts

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/>.