

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
09/25/2024



## 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.....	13-18
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-22
Corrective Action Plan .....	23-25
Other Reports.....	26

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mark Hoelscher	01-01-23 to 12-31-24
County Treasurer	Nancy Funk	01-01-23 to 12-31-24
Clerk of the Circuit Court	Debra Berry	01-01-23 to 12-31-24
County Sheriff	Randy Retter	01-01-23 to 12-31-24
County Recorder	Debra Tiemann	01-01-23 to 12-31-24
President of the Board of County Commissioners	Jeff Plasterer	01-01-23 to 12-31-24
President of the County Council	Beth Leisure	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 WAYNE 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 Wayne 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, 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.

***Wayne County's Response to Findings***

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

***Purpose of This Report***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

August 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 WAYNE COUNTY, INDIANA

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

***Opinion on the Major Federal Program***

We have audited Wayne 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**

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.

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)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002, 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.

**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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WAYNE 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 Justice</b>					
Crime Victim Assistance Victim Assistance Coordi. Grant	Indiana Criminal Justice Institute	16.575	2019 VOCA Assistance OVC FY 20	\$ -	\$ 35,434
Total - Department of Justice				-	35,434
<b>Department of Transportation</b>					
Highway Safety Cluster State and Community Highway Safety CHIRP Grant	Indiana Criminal Justice Institute	20.600	69A37522300004020IN0	-	1,699
Total - Highway Safety Cluster				-	1,699
Highway Planning and Construction Bridge 701 South G Street Bridge 720 Bridge Avenue Bridge 149 Fountain City Pike Bridge 705 Bridge 76 Sample Road Bridge 191 Heiney Road Bridge 716 Waterfall Rd Bridge Inspections 2022-2025 Bridge 511	Indiana Department of Transportation	20.205	DES1802930 DES1802934 DES1802936 DES1902799 DES1902802 DES1902806 DES2003063 DES2100103 DES2101740	- - - - - - - - -	79,064 32,978 65,900 21,467 32,212 63,264 71,333 14,091 41,306
Total - Highway Planning and Construction				-	421,615
Minimum Penalties for Repeat Offenders for Driving While Intoxicated CHIRP Grant	Indiana Criminal Justice Institute	20.608	69A37520300001640INA 69A37522	-	4,434
Total - Department of Transportation				-	427,748
<b>Department of the Treasury</b>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Indiana Local Body Camera Grant Lead Grant ARPA	Indiana Department of Homeland Security Indiana State Department of Health Direct	21.027	385ARPAILBC2022 400ARPHLTHISSCH FY2021	- - -	48,000 61,387 996,434
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				-	1,105,821
Total - Department of the Treasury				-	1,105,821
<b>Department of Health and Human Services</b>					
Public Health Emergency Preparedness Emergency Preparedness Grant	Indiana State Department of Health	93.069	15508924	-	9,358
Immunization Cooperative Agreements Immunization Grant 4 Year Immunization Grant	Indiana State Department of Health	93.268	6 NH23IP922631 NH23IP922631	- -	71,035 54,674
Total - Immunization Cooperative Agreements				-	125,709

WAYNE 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
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) CoAg School Grant	Indiana State Department of Health	93.323	6NU50CK000503	-	82,500
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID Testing	Indiana State Department of Health	93.354	NU90TP922179	-	2,000
Child Support Services	Indiana Department of Child Services	93.563			
Clerk Expenditures-child support Program			FY 2023	-	28,045
Clerks record perpetuation fund			FY 2023	-	3,559
Prosecutor Expenditures-child support program			FY 2023	-	284,906
IV-D Prosecutors 4D Incentive Funds			FY 2023	-	7,853
Clerk 4D Incentive			FY 2023	-	15,051
Title 4D incentive			FY 2023	-	92,503
Indirect Cost Expenditures			FY 2023	-	129,944
4D court			FY 2023	-	117,926
Total - Child Support Services				-	679,787
HIV Prevention Activities Health Department Based HIV Prevention	Indiana State Department of Health	93.940	NU62PS924556	-	100,317
Total - Department of Health and Human Services				-	999,671
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Emergency Management Performance Grant	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005	-	44,828
Homeland Security Grant Program State Homeland Security Program SHSP	Indiana Department of Homeland Security	97.067	EMW-2022-SS-00064	-	20,850
Total - Department of Homeland Security				-	65,678
Total federal awards expended				\$ -	\$ 2,634,352

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

WAYNE 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.

WAYNE 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	Unmodified

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2023-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

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

*Condition and Context*

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

WAYNE 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.

Although the Grant Clerk prepared and entered the federal award information into Gateway and the County Auditor reviewed and approved the information entered, the review process 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 included the following errors:

- The COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) grant was listed under Assistance Listings Number 93.354 instead of 93.323.
- The Child Support Services grant expenditures were understated by \$174,664.
- Not all program names or identifying numbers were correctly listed.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

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. . . ."

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 § 200.50 (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"

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. . . .

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. . . ."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Counties of Indiana, Chapter 1)

*Cause*

A proper system of internal controls over the SEFA was not designed by management of the County to ensure proper reporting of the County's federal expenditures. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedure. Policies should reflect the County's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements. As such, 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 - 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): FY2021  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-004.

*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.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Therefore, quarterly P&E reports were due by January 31, 2022, and the last day of the month after the end of each quarter thereafter.

The County filed the applicable quarterly P&E reports as required; however, the ARP Grant Manager prepared and submitted the reports without an oversight or review process in place to prevent, or detect and correct, errors.

The lack of internal controls was a systemic issue 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). . . ."

*Cause*

A proper system of internal controls was not designed by management of the County, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the County's management of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. There was no indication of an internal control process over reporting in place per inquiry with the officials and review of the reports.

*Effect*

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the County design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure that appropriate reviews, approvals, and oversight are taking place so that the County continues to provide the Treasury with complete and accurate information in the P&E report.

WAYNE 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.

#### AUDITEE-PREPARED DOCUMENTS

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





Mark A Hoelscher Auditor  
Deborah York, Chief Deputy Auditor  
Wayne County Administration Building  
401 East Main Street, Richmond, IN 47374  
765-973-9317

10/11/2023 10:00 AM  
10/11/2023 10:00 AM

## Summary Schedule of Prior Audit Finding

### Finding 2022-002 and Finding 2021-003

**Fiscal year in which the finding initially occurred: 2019**

**Current Audit Period: 1.1.2023-12.31.2023**

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

**Summary of Finding:**

The County had not established internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the County's

Schedule of Expenditures of Federal Awards (SEFA). The County did not have a proper system of internal

controls in place to prevent, or detect and correct, errors on the SEFA.

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

1. The Highway Planning and Construction Cluster expenditures were understated by \$513,061.
2. The COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) expenditures were understated by \$324,486.
3. The Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response expenditures were understated by \$380,000.
4. The Child Support Enforcement expenditures were understated by \$521,616.
5. Not all program names or identifying numbers were correctly listed.

**Status of Audit Finding:** partially corrected

**Response Comments:**

*We implemented a new control, but it was not effective to catch all material errors for 2023. A new Grant clerk was hired to help with reporting and control.*

Mark A Hoelscher  
Wayne County Auditor  
765-973-9319



BRAD DWENGER  
bdwenger@wayneco.us

MARY ANNE BUTTERS  
mabutters@wayneco.us

JEFF PLASTERER  
jeff.plasterer@wayneco.us

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2022-003**

**Contact Person Responsible for Corrective Action:** Jeff Plasterer, County Commissioner  
**Contact Phone Number and Email Address:** 765.973.9237 jeff.plasterer@co.wayne.in.us

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

**Status of Audit Finding:** Corrected

**FINDING 2022-004**

**Contact Person Responsible for Corrective Action:** Jeff Plasterer, County Commissioner  
**Contact Phone Number and Email Address:** 765.973.9237 jeff.plasterer@co.wayne.in.us

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

**Status of Audit Finding:** Not Corrected

**Response Comments:** Although Wayne County contracted with a consultant to review our quarterly US Treasury reports to ensure accuracy and compliance, this action did not fulfill the SBOA internal controls requirement. We have developed and implemented the use of a form for written documentation of internal review of all future US Treasury reporting of SLFRF funds.

Sincerely,

Jeff Plasterer, President  
Wayne County Board of Commissioners

Date: 8/21/24



Mark A Hoelscher Auditor  
Deborah York, Chief Deputy Auditor  
Wayne County Administration Building  
401 East Main Street, Richmond, IN 47374  
765-973-9317

DATE: 12/11/2024  
TIME: 9:11 AM

## CORRECTIVE ACTION PLAN

### **FINDING 2023-001**

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

**Summary of Finding:**

Material errors were noted in the Child Support Services. The wrong assistance listing number was entered for the COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC).

**Contact Person Responsible for Corrective Action: Mark Hoelscher**

**Contact Phone Number and Email Address: [mhoelscher@co.wayne.in.us](mailto:mhoelscher@co.wayne.in.us)**

**765 -973-9317**

**Views of Responsible Officials:**

*We concur with the finding.*

**Description of Corrective Action Plan:**

**We are now aware where to get correct information for child support services. Both assistance listing numbers were part of the contract, we could not enter both to Gateway because system does not allow it. For these Grants we will reach out to the State Comptroller to verify which listing number it is for because we are not getting this information from State. We will reach out to Health Department to verify which assistance listing number the Grant money should be under.**

**Anticipated Completion Date:**

Dec 31, 2024

Mark A Hoelscher  
Wayne County Auditor  
765-973-9319

*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.”



BRAD DWENGER  
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MARY ANNE BUTTERS  
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JEFF PLASTERER  
jeff.plasterer@wayneco.us

## CORRECTIVE ACTION PLAN

### ***FINDING 2023-002***

#### **Finding Subject: COVID 19 - Coronavirus State and Local Fiscal Recovery Funds**

**Summary of Finding:** The US Treasury Quarterly Project and Expenditure Reports did not have documentation of internal review and approval prior to submittal to the US Treasury. Corrective action will include internal review and approval of the report, documented in writing, prior to submittal.

**Contact Person Responsible for Corrective Action:** Jeff Plasterer, County Commissioner  
**Contact Phone Number and Email Address:** 765.973.9237 jeff.plasterer@co.wayne.in.us

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

**Description of Corrective Action Plan:** A form has been created for the specific purpose to document the internal review procedure for the US Treasury Quarterly Project and Expenditure Report. The Commissioners' staff who is responsible for the accurate and timely completion of the US Quarterly Project and Expenditure Report will make the completed report available to the President of the Board of Commissioners (or their designee), who will review the report prior to submittal, thus providing the proper segregation of duties, as well as avoid potential misstatements to go undetected.

**Anticipated Completion Date:** The form has been created and will become effective immediately, and will be utilized for all future Quarterly Project and Expenditure Reports of the Coronavirus State and Local Fiscal Recovery Funds.

Date: 8/21/24 JP

COVID 19 - Coronavirus State and Local Fiscal Recovery Funds  
 Quarterly Project and Expenditure Report to US Treasury  
 Wayne County, Indiana Controls Review Documentation

Reporting Period:	
Report Due Date:	
Completed by:	Name: Title: Date:
Internal Review Completed:	Name: Title: Date:
Consultant Review Completed:	Name: Title: Date:
Submittal Date:	

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Jeff Plasterer, President  
 Wayne County Board of Commissioners

## 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/>.