

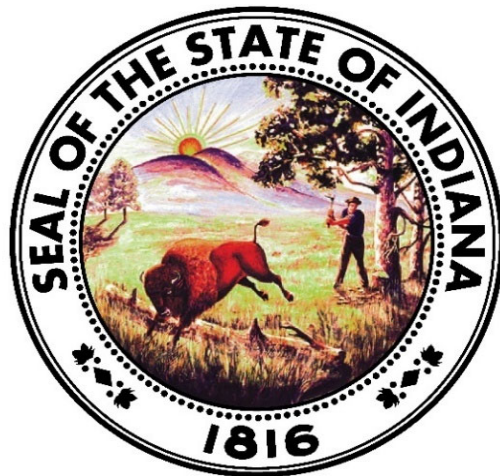
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT

OF

LAGRANGE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

07/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kathryn A. Hopper	01-01-23 to 12-31-24
County Treasurer	Connie J. Brower	01-01-23 to 12-31-24
Clerk of the Circuit Court	Kimberly L. Johnson	01-01-23 to 12-31-24
County Sheriff	Tracy M. Harker	01-01-23 to 12-31-24
County Recorder	Sheila J. Getz	01-01-23 to 12-31-24
President of the Board of County Commissioners	Terry A. Martin	01-01-23 to 12-31-24
President of the County Council	Michael G. Strawser	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 LAGRANGE 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 LaGrange 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 June 27, 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

June 27, 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 LAGRANGE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited LaGrange 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 Opinion* 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 the major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2023-001 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 deficiencies 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 June 27, 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

June 27, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana Department of Health	10.557			
Women Infants Children #8101			2IN700002	\$ -	\$ 103,106
Women Infants Children #8103			2IN700002 (WPCG)	-	12,812
Total - WIC Special Supplemental Nutrition Program for Women, Infants, and Children				-	115,918
Total - Department of Agriculture				-	115,918
<u>Department of the Interior</u>					
Great Lakes Restoration	Direct Grant	15.662			
15.662 Cedar Lake Fen Wetland #8303			F20AC10576-00	-	10,953
Outdoor Recreation Acquisition, Development and Planning	Indiana Department of Natural Resources	15.916			
15.916 Land & Water Conservation/Park 8302			P20AP00247-18-00629	-	36,565
Total - Department of the Interior				-	47,518
<u>Department of Transportation</u>					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Indiana Department of Transportation	20.526			
Council on Aging Transportation Grant #8107			A249-23-G230012	110,580	110,580
Total - Federal Transit Cluster				110,580	110,580
Highway Planning and Construction	Indiana Department of Transportation	20.205			
#8700			2101766	-	103,962
Countywide Bridge Inspection & Inventory Program #1135			A249-21-L200198	-	76,425
Total - Highway Planning and Construction				-	180,387
Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509			
Council on Aging Transportation Grant 9125			A249-20-G200051	127,686	127,686
Council on Aging Transportation Grant 2023 #9125			A249-23-G220065	283,723	283,723
Subtotal - Formula Grants for Rural Areas and Tribal Transit Program				411,409	411,409
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509			
Council on Aging Transportation Grant #9125 2023			A249-23-G220065	58,840	58,840
Total - Formula Grants for Rural Areas and Tribal Transit Program				470,249	470,249
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Homeland Security	20.703			
EMA Firefighter - IERC #8207			693JK31940014HMEP	-	3,129
Total - Department of Transportation				580,829	764,345

LAGRANGE 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 the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARPA #8950	Direct Grant	21.027	2023	-	1,372,717
Total - Department of the Treasury				-	1,372,717
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Public Health Grant #8121 Public Health Grant 2022-2023 #8120	Indiana Department of Health	93.069	6NU90TP922052 NU90TP922052	- -	8,333 16,667
Total - Public Health Emergency Preparedness				-	25,000
Immunization Cooperative Agreements 93.268 Immunization Grant #8122 Immunization & Vaccines for Children - Covid 19 #8119	Indiana Department of Health	93.268	NH231P922631 NH231P922631	- -	22,346 8,615
Subtotal - Immunization Cooperative Agreements				-	30,961
COVID-19 - Immunization Cooperative Agreements Immunization Grant 23-24 #8123	Indiana Department of Health	93.268	NH231P922631	-	10,735
Total - Immunization Cooperative Agreements				-	41,696
Child Support Services Child Support Enforcement #1000	Indiana Department of Child Services	93.563	2023	-	265,806
Foster Care Title IV-E 93.658 Foster Care Title Iv-E #8375	Indiana Department of Child Services	93.658	75-1545-0-1-609	-	3,924
Opioid STR Indiana State Opioid Response #8132	Indiana Supreme Court	93.788	22-5JC89-C44-001	-	7,824
Total - Department of Health and Human Services				-	344,250
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMA 2022 Ballistic Helmets #8202 Emergency Management Performance Grant #1000	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005 EMC-2022-EP-00005	- -	18,795 25,694
Total - Emergency Management Performance Grants				-	44,489
Total - Department of Homeland Security				-	44,489
Total federal awards expended				\$ 580,829	\$ 2,689,237

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

LAGRANGE 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.

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

LAGRANGE 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 2022-002.

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 \$7,694,555 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 entity, or adding a clause or condition to the covered transaction with that person or entity. 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's policies and procedures related to suspension and debarment requirements, the County disclosed its process for the County Auditor to ensure that the agreements or contracts include language related to suspension and debarment. Four covered transactions for goods or services that equaled or exceeded \$25,000 that were paid from SLFRF funds during the audit period were selected for testing. Each transaction was examined to determine whether the County verified the suspension and debarment status of the vendor prior to payment.

The first covered transaction, in the amount of \$304,263, was made to a contractor for the purchase of three building generators. While the contract was reviewed and approved by a County official, no suspension or debarment clause was present in the contract. As such, the County did not verify the vendor was neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities prior to payment.

The second covered transaction, in the amount of \$56,338, was made for the purchase of the commissioner's room audio video upgrades. While the contract was reviewed and approved by a County official, no suspension or debarment clause was present in the contract. As such, the County did not verify the vendor was neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities prior to payment.

The third covered transaction, in the amount of \$126,737, was made for the construction of a 4-H fairgrounds home. The contract was reviewed and approved by a County official and included a suspension or debarment clause.

The fourth covered transaction, in the amount of \$27,661, was made for the construction of a new park pavilion. While the contract was reviewed and approved by a County official, no suspension or debarment clause was present in the contract. As such, the County did not verify the vendor was neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities prior to payment.

LAGRANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

31 CFR 19.300 states:

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

- (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

After the last audit, the County established procedures to include a suspension and debarment clause in agreements or contracts. However, the County did not amend agreements or contracts entered into prior to the implementation of this policy.

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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County strengthen its system of internal controls to ensure that all contractors that are paid \$25,000 or more, all or in part with federal funds, are not suspended, debarred, or otherwise excluded from participating in federal programs prior to entering into any contracts.

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.



LaGrange County Auditor

114 West Michigan Street, Suite 1
LaGrange, IN 46761

Phone 260-499-6310

Fax 260-499-6401

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

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

Summary of Finding: Material Weakness

Recommendation: recommend 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 appropriate reviews, approvals, and oversight are taking place.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

ARPA P & E reports are prepared by the Auditor and reviewed/verified by Chief Deputy prior to submission of report.



LaGrange County Auditor

114 West Michigan Street, Suite 1
LaGrange, IN 46761

Phone 260-499-6310
Fax 260-499-6401

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2022
Current Audit Period: 2023

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

Summary of Finding: Material Weakness, Modified Opinion

Recommendation: Recommended that management of the County establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into any contract or subawards. Also recommended that supporting documentation be retained in order to be presented for audit.

Status of Audit Finding:
Partially corrected.

Response Comments:

The County established an internal control system of checking Excluded Parties List System, collecting a certification from that person or adding a clause or condition to the covered transaction with that person for all vendors equal to or in excess of \$25,000 for SLFRF award funds to ensure such contractors and subrecipients are not suspended, debarred or otherwise excluded going forward. Copies of supporting documents are retained.
Prior agreements were not updated to this policy.



LaGrange County Auditor

114 West Michigan Street, Suite 1
LaGrange, IN 46761

Phone 260-499-6310
Fax 260-499-6401

CORRECTIVE ACTION PLAN

FINDING 2023-001

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: LaGrange County Auditor
Contact Phone Number: (260) 499-6310

Views of Responsible Official: We concur with the findings from SBOA. We did correct the process after our last audit, but did not go back to earlier contracts / purchases to ensure compliance requirements for suspension and debarment were updated.

Description of Corrective Action Plan: The County will establish an internal control system of checking Excluded Parties List System, collecting a certification from that person or adding a clause or condition to the covered transaction with that person for all vendors equal to or in excess of \$25,000 for SLFRF award funds to ensure such contractors and subrecipients are not suspended, debarred or otherwise excluded. Copies of supporting documents to be retained.

Anticipated Completion Date: Implementation will begin immediately.

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/>.