

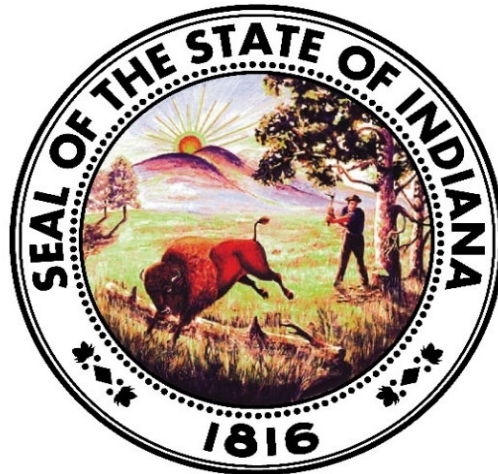
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT

OF

FULTON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
08/12/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christina (Srifer) Horton	01-01-23 to 12-31-24
County Treasurer	Katherine Adamson	01-01-23 to 12-31-24
Clerk of the Circuit Court	Dawn Ziemek	01-01-23 to 12-31-24
County Sheriff	Travis Heishman	01-01-23 to 12-31-24
President of the Board of County Commissioners	Bryan Lewis	01-01-23 to 12-31-24
President of the County Council	Phyl Olinger Ron Dittman	01-01-23 to 12-31-23 01-01-24 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 FULTON 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 Fulton 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 July 3, 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, 2023-002, and 2023-003, 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 items 2023-001, 2023-002, and 2023-003.

Fulton 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

July 3, 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 FULTON COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Fulton 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-004 and 2023-005. Our opinion on the major federal program is not modified with respect to these 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 items 2023-004 and 2023-005, 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 July 3, 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

July 3, 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.

FULTON 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 Transportation</u>					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs 20.509 Transpo 5311	Indiana Department of Transportation	20.526	EDS #A249-20-G190093	\$ 110,225	\$ 110,225
Total - Federal Transit Cluster				<u>110,225</u>	<u>110,225</u>
Highway Planning and Construction					
20.205 8203 Local Bridge #161	Indiana Department of Transportation	20.205	DES #1902821	-	46,007
20.205 Countywide Bridge 22-25			DES #2100101	-	20,030
20.205 8201 Local Bridge #32			DES #1702840	-	151,275
20.205 8202 Local Bridge #50			DES #1702841	-	22,154
20.205 Old US Repaving Project			EDS #A249-20-G190093	-	27,888
Total - Highway Planning and Construction				<u>-</u>	<u>267,354</u>
Formula Grants for Rural Areas and Tribal Transit Program					
20.509 2021 Section 5311 and PMTF Operating Assistance Grant	Indiana Department of Transportation	20.509	EDS #A249-20-G200033 Project	157,117	157,117
Total - Department of Transportation				<u>267,342</u>	<u>534,696</u>
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds					
21.027 Coronavirus State and Local Fiscal	Indiana Finance Authority	21.027	OMB Approval #1505-0271	-	584,576
Total - Department of the Treasury				<u>-</u>	<u>584,576</u>
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness					
93.069 Public Health Emergency Preparedness	Indiana Department of Health	93.069	#055624	-	21,581
Immunization Cooperative Agreements					
Immunization Clinic	Indiana Department of Health	93.268	64041	-	15,271
93.268 Immunization and Vaccine Clinic			NH23IP922631	-	20,843
Total - Immunization Cooperative Agreements				<u>-</u>	<u>36,114</u>

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Child Support Services	Indiana Department of Child Services	93.563			
93.563 Indirect Costs			F2018	-	34,914
93.563 Clerk Expenses (100% FEDERAL)			F2018	-	13,508
93.563 Prosecutor Expenses (66% FEDERAL)			F2018	-	21,266
93.563 Title IV-D Clerk Incentive			F2018	-	66,982
93.563 Prosecutor Incentive			F2018	-	25,597
93.563 Clerk Incentive			F2018	-	20,553
Total - Child Support Services				-	182,820
Foster Care Title IV-E	Indiana Department of Child Services	93.658			
93.658 Foster Care -Title IV-E			#20220035	-	4,366
Total - Department of Health and Human Services				-	244,881
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2018 Severe Storms and Flooding Event	Indiana Department of Homeland Security	97.036			
			PA-05-4363-PW-00263	-	44,541
Emergency Management Performance Grants 97.042 EMA Performance Grant (salary)	Indiana Department of Homeland Security	97.042			
			EMC-2017-EP-00002	-	18,000
Total - Department of Homeland Security				-	62,541
Total federal awards expended				\$ 267,342	\$ 1,426,694

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

FULTON 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.

FULTON 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: Financial Transactions and Reporting - County Auditor
Audit Findings: Material Weakness, Noncompliance

Condition and Context

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the County's Annual Financial Report (AFR). Although the County implemented internal controls over the submission of the AFR, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the financial information entered into Gateway was inaccurate and not reflective of the financial activity of the County's underlying records. As such, the AFR presented for audit included the following errors:

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- The After Settlement Collections fund beginning cash and investments was overstated by \$4,940,314 due to investments being added to the balance, and disbursements were understated by \$60,186.
- The Sheriff Asset Seizure fund was not included in the AFR.

Adjustments were proposed, accepted by the County, and made to the financial statement presented in the Financial Statement Audit Report of the County.

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. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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 County Auditors of Indiana, Chapter 1)

Cause

Management of the County had not established a proper system of internal controls that would have ensured proper reporting of the financial statement. 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 statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without a proper system of internal controls in place that operated effectively, misstatements or irregularities remained undetected. The financial statement included the errors identified in the *Condition and Context*.

FULTON 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 - County Treasurer
Audit Findings: Material Weakness, Noncompliance

Condition and Context

There were deficiencies in the internal control system of the County related to cash and investments and receipts.

Cash and Investments

The County Treasurer had not established an effective system of internal controls to ensure monthly bank reconciliations were completed accurately. The bank reconciliations were prepared by the County Treasurer and reviewed by a second knowledgeable employee; however, this internal control was not effective at ensuring the reconciliations properly balanced to the financial ledger. For each of the 12 monthly bank reconciliations tested, the bank balance did not reconcile to the County's financial ledger. The December 31, 2023 bank reconciliation presented for audit included unidentified differences of \$140,509. Additional audit work was performed in which some of the differences were identified, leaving an unidentified difference of \$46,310.

Receipts

The County Treasurer had not established a system of internal controls to ensure receipts were timely and accurately recorded in the County Treasurer's Cash Book. Receipts were processed by the Treasurer's office, then provided to the County Auditor. The County Auditor reviewed the receipt to ensure accuracy and recording to the proper fund. The receipt process, however, was not applied to electronic deposits received. No internal controls were identified to ensure electronic deposits received were properly recorded. Based on a test of state distributions, three receipts that were electronically deposited between September and October 2023 were not recorded to the County Treasurer's Cash Book as of December 31, 2023.

Criteria

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."

Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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 County Auditors of Indiana, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances 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)

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day. The record is designed to be posted "daily," with a separate page for each day. The left side of the page shows the total amount of money for which the treasurer is accountable (charges), and the right side of the page shows the money on deposit invested or on hand (credits), as proof of the financial condition. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Cause

The County Treasurer had not designed and implemented a proper system of internal controls over financial transactions and reporting to ensure bank reconciliations were completed accurately and that financial transactions were recorded properly. As the bank account was not properly reconciled to the ledger, the ACH transactions not recorded were not identified in a timely manner.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed 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. As a result, errors were identified as 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.

FINDING 2023-003

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

Condition and Context

The County is required to file reports not later than 60 days after the close of each fiscal year. Reports are to be filed electronically as prescribed.

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 County Auditor prepared and entered the federal award information into Gateway, and the Deputy Auditor reviewed it prior to submission, the review process was not effective and did not detect and allow corrections of errors prior to submission.

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

- The Federal Transit Cluster expenditures were understated by \$103,185, and amounts passed through to subrecipients were understated by \$110,225.
- The Formula Grants for Rural Areas and Tribal Transit Program expenditures were overstated by \$169,040, and amounts passed through subrecipients were understated by \$157,117.
- Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$74,036 in total.

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 . . ."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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 County Auditors of Indiana, Chapter 1)

Cause

Management of the County had not established a proper system of internal controls that would have ensured proper reporting of the SEFA. 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 statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

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

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-004

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): OMB Approval #1505-0271
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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

The County was classified as a county with a population below 250,000 residents that received an allocation of less than \$10 million in State and Local Fiscal Recovery Funds. As such, the P&E report, covering the period from March 3, 2022 to March 31, 2023, was required to be submitted to the Treasury by April 30, 2023.

Though the P&E report was prepared by one employee and reviewed by another, the internal control was not effective did not detect and allow corrections of errors prior to submission.

The County submitted the P&E report on June 16, 2023, which was 47 days after the due date. Additionally, the report was not mathematically accurate and complete. The key line items of "Total Cumulative Expenditures" and "Current Period Expenditures," as reported on the P&E report, did not agree to the County's ledger. Errors were as follows:

- The "Total Cumulative Expenditures" line item was understated by \$16,071.
- The "Current Period Expenditures" line item was understated by \$21,071.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

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

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

The County did not timely submit the P&E report or verify that the information contained within the report accurately reflected the County's expenditures. The expenditures were understated in the report due to not including all activity for the reporting period.

Effect

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure that P&E reports are submitted timely and are materially accurate and correct. The reports contained the errors identified in the *Condition and Context*.

In addition, not meeting the reporting requirements increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County strengthen its system of internal controls to ensure that the County provides the Treasury with complete and accurate information for the P&E report.

Views of Responsible Officials

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

FINDING 2023-005

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

Federal Agency: Department of the Treasury

Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Assistance Listings Number: 21.027

Federal Award Number and Year (or Other Identifying Number): OMB Approval #1505-0271

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Procurement - Policy

The County had not established a purchasing policy that would reflect applicable state laws and regulations, including procedures to avoid the acquisition of unnecessary or duplicative items; procedures to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured; and did not maintain written standards of conduct covering conflicts of interest and governing actions of its employees engaged in the selection, award, and administration of contracts.

Procurement - Small Purchases

Federal regulations allow for informal procurement methods when the value of the procurement for property or services does not exceed the simplified acquisition threshold, which is set at \$250,000 unless a lower, more restrictive threshold is set by a non-federal entity. As Indiana Code has set a more restrictive threshold of \$150,000, informal procurement methods are permitted when the value of the procurement does not exceed \$150,000. This informal process allows for methods other than the formal bid process. The informal process is divided between two methods based on thresholds. Micro-purchases, typically for those purchases \$50,000 or under, and small purchase procedures for those purchases above the micro-purchase threshold but below the simplified acquisition threshold. Micro-purchases may be awarded without soliciting competitive price rate quotations. If small purchase procedures are used, then price or rate quotations must be obtained from an adequate number of qualified sources.

The County had one vendor that was identified as being less than the simplified acquisition threshold of \$150,000 but exceeding the \$50,000 micro-purchase threshold. The one vendor was selected for testing. For the one vendor, the County did not obtain price or rate quotes nor was there documentation detailing the history of procurement, which must include the reason for the procurement method used.

Suspension and Debarment

Prior to entering into subawards and covered transactions with State and Local Fiscal Recovery Funds (SLFRF) award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiring of the County to determine its policies and procedures related to suspension and debarment requirements, the County stated procedures were not in place to ensure vendors were not suspended or debarred prior to entering into covered transactions.

One covered transaction paid with SLFRF grant funds was identified during the audit period. The covered transaction totaled \$66,000 with \$46,752 paid in the audit period. The identified transaction was examined to determine if the County verified the suspension and debarment status of the vendor prior to payment. Upon review, the County had not performed procedures to ensure the vendor was not suspended or debarred, or otherwise excluded or disqualified, from participation in federal assistance programs or activities at any time during the audit period.

FULTON 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). . . ."

2 CFR 200.318 states in part:

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

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320 states in part:

"The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

(a) *Informal procurement methods.* When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT)*, as defined in § 200.1, or a lower threshold established by a non-Federal entity, formal procurement methods are not required. The non-Federal entity may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include: . . .

(2) *Small purchases* —

(i) *Small purchase procedures.* The acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.214 states:

"Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are de-barred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities."

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."

Part 4 of the Treasury's Compliance and Reporting Guidance states: ". . . recipients are expected to have procurement policies and procedures in place that comply with the procurement standards outlined in the Uniform Guidance . . ."

Cause

The County participated in a joint project with the City of Rochester (City) in which the City handled the procurement process. However, the County did not request copies of the quotes or bids obtained by the city, nor did the County document a sole source vendor situation. In addition, the County was unable to provide documentation to demonstrate they checked the vendor was not suspended or debarred prior to entering into the contract.

Effect

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure that services obtained provided full and open competition or the basis of the price. In addition, the County cannot ensure the vendors paid were eligible to participate in federal programs. Any program funds the County used to pay vendors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them.

Noncompliance with the provisions of federal regulations and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

Questioned Costs

There were no questioned costs identified.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended the County establish documented procurement procedures consistent with state and local laws for the acquisition of property or services required under a federal award or subaward as outlined in the code of federal regulations. In addition, we recommended the County adhere to the procurement policies and obtain required quotes and bids or adequately document a sole source situation. Finally, we recommended that the County strengthen its system of internal controls to ensure that all vendors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into any covered transactions.

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 DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.



FULTON COUNTY AUDITOR'S OFFICE

Christina Sriver, Fulton County Auditor
125 E 9th Street, Suite 108
Rochester, IN 46975
Phone: (574) 223-2912
Fax: (574) 223-2211

CORRECTIVE ACTION PLAN

FINDING 2023 - 001

Finding Subject: Financial Transactions and Reporting – County Auditor

Summary of Finding:

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the County's Annual Financial Report (AFR). Although the County implemented controls over the submission of the AFR the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the financial information entered into Gateway was inaccurate and not reflective of the financial activity of the County's underlying records. As such, the AFR presented for audit included errors.

Contact Person Responsible for Corrective Action: Christina Sriver

Contact Phone Number and Email Address: 574-223-2912 and auditor@co.fulton.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

I will work on implementing further internal controls after reviewing issues with staff so that we may address the weakness to the best of our ability and ensure accurate reporting.

Anticipated Completion Date: No later than December 31, 2024

Sincerely,

Christina Sriver
Fulton County Auditor

FULTON COUNTY TREASURER

Kathy Adamson, Treasurer

CORRECTIVE ACTION PLAN

FINDING 2023-002

Finding of Subject: Financial Transactions and Reporting – County Treasurer

Summary of Finding:

There were deficiencies in the internal control system of the County related to cash and investments, and receipts.

Cash and Investments

The bank reconciliations were prepared by the County Treasurer and reviewed by a second knowledgeable employee; however, this control was not effective at ensuring the reconciliation properly balanced to the financial ledger. For 12 of 12 monthly bank reconciliations tested, the bank balance did not reconcile to the County's financial ledger. The December 31, 2023 bank reconciliation presented for audit included unidentified differences of \$140,509. Additional audit work was performed in which some of the differences were identified leaving an unidentified difference of \$46,310.

Receipts

Receipts were processed by the Treasurer's office then provided to the County Auditor. The County Auditor reviewed the receipt to ensure accuracy and recording to the proper fund. The receipt process, however, was not applied to electronic deposits received. No controls were identified to ensure electronic deposits received were properly recorded. Based on a test of state distributions, three receipts that were electronically deposited between September and October 2023 were not recorded to the Treasurer's Cash Book as of December 31, 2023

Contact Person Responsible for Corrective Action: Kathy Adamson

Contact Phone Number: 574-223-2913

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The County Treasurer along with the Deputy Treasurer are continuing to work on correcting the deficiencies between the bank reconciliation and the financial ledger. We are working to retrace issues from previous years.

The Treasurer will be creating a balancing reconciliation worksheet to ensure timely receipting of funds.

Anticipated Completion Date: We anticipate the completion of this will be December 31, 2024

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Rochester, IN 46975

PHONE 574-223-2913
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FULTON COUNTY AUDITOR'S OFFICE

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125 E 9th Street, Suite 108
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Phone: (574) 223-2912
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CORRECTIVE ACTION PLAN

FINDING 2023 – 003

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

Summary of Finding:

Although, the County Auditor prepared and entered the federal award information into Gateway and the Deputy Clerk reviewed it prior to submission, the review process was not effective and did not detect and allow corrections of errors prior to submission.

Due to the lack of effective internal controls the SEFA presented for audit included errors.

Contact Person Responsible for Corrective Action: Christina Sriver

Contact Phone Number and Email Address: 574-223-2912 and auditor@co.fulton.in.us

Views of Responsible Officials: We concur with the finding.

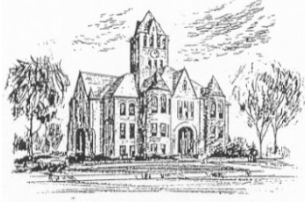
Description of Corrective Action Plan:

Although there are two deputy auditors entering and reviewing the receipts and a spreadsheet is prepared to track the federal grant awards it is evident that there is still not enough oversight. A third employee will now be reviewing grant files on a monthly basis and additional training will be provided.

Anticipated Completion Date: No later than December 31, 2024

Sincerely,

Christina Sriver
Fulton County Auditor



FULTON COUNTY AUDITOR'S OFFICE

Christina Sriver, Fulton County Auditor
125 E 9th Street, Suite 108
Rochester, IN 46975
Phone: (574) 223-2912
Fax: (574) 223-2211

CORRECTIVE ACTION PLAN

FINDING 2023-004

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

The County submitted the P&E report on June 16, 2023, which was 47 days after the due date. Additionally, the report was not mathematically accurate and complete. The key line items of "Total Cumulative Expenditures" and "Current Period Expenditures" as reported on the P&E report did not agree to the County's ledger.

Contact Person Responsible for Corrective Action: Christina Sriver

Contact Phone Number and Email Address: 574-223-2912 and auditor@co.fulton.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

Upon initial discussion of the Coronavirus State and Local Fiscal Recovery Funds report with State Board of Accounts a deputy auditor began to review the files and financial tracking. This employee will work to update all expenditures of the CSLFR funds to ensure accuracy on the upcoming report and submit timely.

Anticipated Completion Date: No later than December 31, 2024

Sincerely,

Christina Sriver
Fulton County Auditor



FULTON COUNTY BOARD OF COMMISSIONERS

125 E 9th St., Rochester, IN 46975
Phone: (574) 223-3869 Fax: (574) 223-2335

CORRECTIVE ACTION PLAN

FINDING 2023-005

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

Summary of Finding:

Procurement - Policy

The County had not established a purchasing policy that would reflect applicable state laws and regulations including procedures to avoid acquisition of unnecessary or duplicative items, procedures to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and did not maintain written standards of conduct covering conflicts of interest and governing actions of its employees engaged in the selection, award, and administration of contracts.

Procurement – Small Purchases

The County had one vendor that was identified as being less than the simplified acquisition threshold of \$150,000 but exceeding the \$50,000 micro-purchase threshold. The one vendor was selected for testing. For the one vendor, the County did not obtain price or rate quotes nor was there documentation detailing the history of procurement, which must include the reason for the procurement method used.

Suspension and Debarment

One covered transaction paid with SLFRF grant funds was identified during the audit period. The covered transaction totaled \$66,000 with \$46,752 paid in the audit period. Upon review, the County had not performed procedures to ensure the vendor was not suspended or debarred, or otherwise excluded or disqualified, from participation in federal assistance programs or activities at any time during the audit period.

Contact Person Responsible for Corrective Action: Bryan Lewis

Contact Phone Number and Email Address: 574-223-4764 and blewis@co.fulton.in.us

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The County will work on establishing a purchasing policy which will address federal procurement requirements. Before entering into contracts we will ensure the procurement procedures in the policy are followed and obtain quotes for vendors that meet the small purchase threshold as well as verify the suspension and debarment status. The Commissioners and Auditor's office will work together to ensure requirements are met before payment is processed.

Anticipated Completion Date: No later than December 31, 2024

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.