

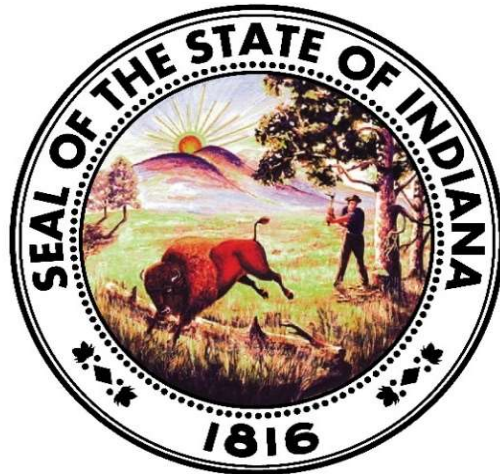
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT

OF

BOONE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

08/16/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debbie Morton-Crum	01-01-23 to 12-31-24
County Treasurer	Nikki Baldwin	01-01-23 to 12-31-24
Clerk of the Circuit Court	Lisa Bruder	01-01-23 to 12-31-24
County Sheriff	Anthony Harris	01-01-23 to 12-31-24
County Recorder	Debbie Ottinger	01-01-23 to 12-31-24
President of the Board of County Commissioners	Don Lawson	01-01-23 to 12-31-24
President of the County Council	Elise Nieshalla Ken Hedge	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 BOONE 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 Boone 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 24, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Boone 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 24, 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 BOONE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion

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

Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

Basis for Qualified Opinion

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

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

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)

Matters 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 items 2023-002 for Reporting; 2023-003 for Subrecipient Monitoring; and 2023-004 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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.

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)

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.

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 2023-002, 2023-003, and 2023-004, 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 24, 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 24, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Justice</u>					
Crime Victim Assistance Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	VOCA-2022-00238	\$ -	\$ 86,458
Violence Against Women Formula Grants STOP Violence against Woman Formula Grant	Indiana Criminal Justice Institute	16.588	STOP-2020-00060 & ST JAG-2023-	-	20,919
Edward Byrne Memorial Justice Assistance Grant Program Bryne JAG Program	Indiana Criminal Justice Institute	16.738	JAG-2023-00083	-	84,102
Total - Department of Justice				-	191,479
<u>Department of Transportation</u>					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs Transit	Indiana Department of Transportation	20.526	FY 2023	75,601	75,601
Total - Federal Transit Cluster				75,601	75,601
Highway Safety Cluster					
State and Community Highway Safety VSET	Indiana Criminal Justice Institute	20.600	69A37520300001640INA	-	1,705
Big City/ Big County Enforcement			69A37520300001640INA	-	27,392
SAVE			69A37520300001640INA	-	35,017
Total - State and Community Highway Safety				75,601	64,114
Total - Highway Safety Cluster				75,601	64,114
Highway Planning and Construction					
CR 400 E/ CR 100 S RAB Connector	Indiana Department of Transportation	20.205	DES#2003020	-	97,033
Bridge Replacement			DES#1592690	-	51,370
Bridge 41			DES#1600773	-	153,798
Bridge Reconstruction			DES#1601077	-	7,540
Roadside Improvement			DES#1800141	-	8,656
Bridge 192			DES#1802833	-	279,288
Bridge Inspection & Inventory			DES#1902075	-	46,956
Roadside Improvement			DES#1800153	-	11,013
2021-13 HSIP SIGN Replacement Project			DES#2101725	-	79,746
Bridge 61			DES#2101727	-	64,386
Total - Highway Planning and Construction				-	799,786

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509			
TRANSIT			IN-2023-020-00	44,419	44,419
TRANSIT			IN-2023-020-00	287,644	287,644
Total - Formula Grants for Rural Areas and Tribal Transit Program				332,063	332,063
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Impaired Driving	Indiana Criminal Justice Institute	20.608	69A37520300001640INA	-	19,372
Total - Department of Transportation				407,664	1,290,936
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan 2021	Direct Grant	21.027	FY2023	290,000	2,399,236
Total - Department of the Treasury				290,000	2,399,236
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Public Health Emergency Preparedness	Indiana State Department of Health	93.069	NU90TP922052	-	29,484
Immunization Cooperative Agreements Immunization Supplemental Funding	Indiana State Department of Health	93.268	NH23IP922631	-	284
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Covid Testing Fund	Indiana State Department of Health	93.323	NU50CK000503	-	27,360
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response School Resource Grant	Indiana State Department of Health	93.354	NU90TP922179 & NU50C	-	258,073
Child Support Services	Indiana Department of Child Services	93.563			
General Fund (Clerk's Record Perpetuation Fund)			FY2023	-	48,741
General Fund (Indirect Cost Reimbursement)			FY2023	-	3,188
Clerk IV-D Incentive			FY2023	-	147
IV-D Co Share Child Support			FY2023	-	7,525

BOONE 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
IV-D Clerk Child Support			FY2023	-	24,241
Title IV-D Incentive Shared			FY2023	-	28,257
Prosecutor IV-D Incentive			FY2023	-	3,424
Prosecutor Child Support (report 100% of 66%)			FY2023	-	202,707
Total - Child Support Services				-	318,230
State Court Improvement Program	Indiana State Department of Health	93.586			
CIP Basic Grant Award			FY2023	-	10,000
Opioid STR	Indiana State Department of Health	93.788			
Family Recovery Court Grant			FY2023	-	157,001
Total - Department of Health and Human Services				-	800,432
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
Emergency Management Performance Grant Competitive			EMC-2021-EP-00013 59131	-	39,993
Emergency Management Performance Grant Salary			EMC-2022-EP-00005 68257	-	32,795
Emergency Management Performance Grant Competitive			EMC-2022-EP-00005 68462	-	19,949
Total - Emergency Management Performance Grants				-	92,737
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
SHSP COUNTY BASED Nonpriority			EMC-2021-SS-000032	-	9,510
SHSP COUNTY BASED Nonpriority			EMW-2022-SS-00064 6767656	-	49,980
Total - Homeland Security Grant Program				-	59,490
Total - Department of Homeland Security				-	152,227
Total federal awards expended				\$ 697,664	\$ 4,834,310

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

BOONE 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.

BOONE 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	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

FINDING 2023-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

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.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County filed its reports as prescribed; however, the County had not established effective 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).

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA.

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

- The Highway Planning and Construction grant expenditures were overstated by \$958,361.
- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds passed through to subrecipients was understated by \$290,000.
- The Family Recovery Court Grant Program expenditures were understated by \$157,001.
- Additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$350,686 in total.
- Other errors included incorrect program names, pass-through entities, federal assistance listings numbers, and identifying numbers.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(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."

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. . . ."

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)

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the County had not established a system of internal controls that would have ensured proper reporting of the SEFA. The County was unable to provide documentation that a proper review of the SEFA was performed prior to submission to verify expenditure amounts, program names, pass-through entities, federal assistance listings numbers, and identifying numbers.

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 2023-002

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): FY 2023
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

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

Condition and Context

The County had not properly designated or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, noncompliance. A single employee prepared and submitted reports without a documented review or oversight process in place to prevent, or detect and correct, errors.

Recipients are required to submit quarterly or annual 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 the 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 metropolitan county with a population below 250,000 residents that received an allocation of more than \$10 million in State and Local Fiscal Recovery Funds (SLFRF). As such, the initial P&E report covering three calendar quarters from March 3, 2021 to December 31, 2021, was required to be submitted to the Treasury by January 31, 2022. The subsequent quarterly reports are to cover one calendar quarter and must be submitted to the Treasury by the last day of the month following the end of the period covered.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County submitted three P&E reports during the audit period. No report was submitted for the period of October 1, 2022 to December 31, 2022, although there was activity during this time period. For the three reports submitted, all activity for the reporting period was not included, and the reports were not fairly presented. Errors identified included the following:

Quarter 1 report (January 1, 2023 to March 31, 2023)

- Total Cumulative Obligations and Total Cumulative Expenditures were understated by \$399,741.
- Current Period Obligations and Current Period Expenditures were understated by \$58,730.

Quarter 2 report (April 1, 2023 to June 30, 2023)

- Total Cumulative Obligations and Current Period Expenditures were understated by \$968,137.
- Current Period Obligations and Current Period Expenditures were understated by \$558,396.

Quarter 3 report (July 1, 2023 to September 30, 2023)

- Total Cumulative Obligations and Total Cumulative Expenditures were understated by \$1,325,566.
- Current Period Obligations and Current Period Expenditures were understated by \$357,429.

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 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, . . ."

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

" . . . **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

A proper system of internal controls over the P&E reports was not designed by management of the County. The County was unable to provide documentation that a proper review of the P&E reports showing a reconciliation between amounts reported and amounts expended from federal funds was done prior to submission of the report.

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 the proper implementation of an effectively designed system of internal controls, the County cannot ensure reports are filed and that filed reports accurately report their SLFRF activity. As such, the County's SLFRF obligations and expenditures were not appropriately reported to the Treasury. In addition to not meeting the SLFRF reporting requirements, this increases the likelihood that the public will not have access to transparent and accurate information regarding expenditures of federal awards.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls to ensure that all reports are filed with the Treasury. Additionally, management should develop policies and procedures to ensure that information provided to the Treasury is complete and accurate.

Views of Responsible Officials

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-003

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Subrecipient Monitoring
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): FY 2023
Compliance Requirement: Subrecipient Monitoring
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-005.

Condition and Context

The County received a total State and Local Fiscal Recovery Funds (SLFRF) allocation of \$13,177,707. During the audit period, the County provided subawards of SLFRF funds to other entities. As a pass-through entity, the County must:

- Identify the award and the applicable requirements to each subrecipient.
- Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward.
- Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for an authorized purpose, complies with the terms and conditions of the subaward, and achieves performance goals.

Subawards, totaling \$290,000, were provided to two different entities. Both subrecipient agreements associated with the subawards were selected for testing. For the two agreements tested, the following information was incomplete or missing:

- The federal award identification number (FAIN).
- The federal award date of award to the recipient by the federal agency.
- The name of the federal awarding agency, pass-through entity (auditee), and contact information for awarding official of the pass-through entity (auditee).
- The Assistance Listings Number and Title; the pass-through entity must identify the dollar amount made available under each federal award and the Assistance Listings Number at time of disbursement.

Furthermore, the County did not have an evaluation of the subrecipients' risk of noncompliance or monitoring activities demonstrating compliance with the subrecipient monitoring requirement. The County did not request any financial or audit documentation from the subrecipients.

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 200.331(a) states:

"*Subrecipients*. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See definition for *Subaward* in § 200.1 of this part. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity."

2 CFR 200.332 states in part:

"All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward . . .

- (1) Federal award identification.
 - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
 - (ii) Subrecipient's unique entity identifier;
 - (iii) Federal Award Identification Number (FAIN);
 - (iv) *Federal Award Date* (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (v) Subaward Period of Performance Start and End Date;
 - (vi) Subaward Budget Period Start and End Date;
 - (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (viii) Total Amount of Federal Funds Obligated to the subrecipient by the passthrough entity including the current financial obligation;
 - (ix) Total Amount of the Federal Award committed to the subrecipient by the passthrough entity;
 - (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
 - (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
 - (xiii) Identification of whether the award is R&D; and
 - (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.
- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
- (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- (4)
- (i) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
 - (A) The negotiated indirect cost rate between the pass-through entity and the subrecipient; which can be based on a prior negotiated rate between a different PTE and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate, but may elect to do so;
 - (B) The de minimis indirect cost rate.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (ii) The pass-through entity must not require use of a de minimis indirect cost rate if the subrecipient has a Federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with § 200.405(d).
 - (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
 - (6) Appropriate terms and conditions concerning closeout of the subaward.
- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring . . .
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
- (1) Reviewing financial and performance reports required by the pass-through entity.
 - (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.
 - (3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521.
 - (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. . . ."

Cause

The system of internal controls as established by the management of the County was not properly designed nor implemented. The County was unable to provide documentation that monitoring procedures were in place over subrecipients.

Effect

Without the proper implementation of an effectively designed system of internal controls, the County cannot be sure subrecipients are provided an adequate subaward agreement, with all required elements and are adequately monitored. As such, subaward agreements entered into by the County did not include all the required elements. In addition, the County did not properly monitor the non-profit to ensure proper spending of the federal funds.

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls and develop policies and procedures to ensure subrecipients are provided with an adequate subaward agreement and monitored as appropriate.

Views of Responsible Officials

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

FINDING 2023-004

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): FY2023
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report for suspension and debarment. The prior audit finding number was 2022-003.

Condition and Context

Procurement - Policy

The County did not have a County Council approved procurement policy that would reflect applicable state laws and regulations, including procedures to avoid acquisition of unnecessary or duplicative items and 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.

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 nonfederal 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.

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County had five vendors that qualified for testing under small purchase procurement requirements (vendors paid \$10,000-\$150,000). Of the two chosen for testing, one was awarded a contract without the County obtaining quotes. The contract awarded was \$31,000 for engineering services related to drain construction.

The lack of effective internal controls and noncompliance was isolated to the small purchase identified above.

Suspension and Debarment

Prior to entering into subawards and covered transactions with State and Local Fiscal Recovery Funds (SLFRF), recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person. Due to the U.S. Department of the Treasury's (Treasury) determination that the revenue loss eligible use category does not give rise to subawards, the County was only required to comply with suspension and debarment requirements related to covered transactions.

Upon inquiry of the County, in order to review the procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the County explained they were aware of the suspension and debarment requirements related to the SLFRF awards; however, the County did not retain documentation of SAMs.gov checks nor was a clause always included in a contract. A population of ten covered transactions for goods or services, totaling \$2,371,047, that equaled or exceeded \$25,000 paid from SLFRF funds during the audit period was identified. A sample of three transactions, totaling \$1,473,295, was selected for testing. For each of the three transactions, the County did not verify the vendors' suspension and debarment status prior to payment. Due to the number and magnitude of exceptions identified, per auditor judgment, we concluded it would not be appropriate to expand the sample size or perform any additional audit procedures.

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). . . ."

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.318 states:

"(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. . . ."

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

BOONE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(c) Adding a clause or condition to the covered transaction with that person."

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

Cause

A proper system of internal controls was not designed by the management of the County. The County was unable to provide documentation to demonstrate it checked SAM.gov to verify that contractors and vendors were not suspended or debarred. The County was also unable to provide documentation explaining the rationale behind decisions to offer contracts without obtaining an adequate number of bids or quotes.

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 the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, one small purchase did not have an adequate number of quotes. In addition, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended 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.

AUDITEE-PREPARED DOCUMENTS

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

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001 and 2021-002

Fiscal year in which the finding initially occurred: 2012

Current Audit Period: 01/01/2023 – 12/31/2023

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

Summary of finding:

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission. Material errors were detected that needed to be adjusted on the SEFA.

Status of Audit Finding: The County Auditor's Office continues to work through our revised internal controls over the Federal award process that is submitted by each department to make the process smoother and easier to track. We have added a few new internal controls over the reporting of each Federal award that comes into the County.

Response Comments: Not Corrected

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 01/01/2023 – 12/31/2023

Finding Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance

Summary of Finding: The County's process for vendor claims paid with SLFRF funds was that the claim be prepared by the department head overseeing the project, and then reviewed and approved, for allowable activities, allowable costs, and period of performance by the County Commissioners. For two of the four claims tested, the claims were not listed on the claims docket, nor was other supporting documentation provided to the County Commissioners, for their review and approval.

Status of Audit Finding: The County has designed and implemented a system of internal controls that will provide segregation of duties for the preparation of claims for SLFRF awards and review of these claims prior to payment.

Response Comments: Corrected

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 01/01/2023 – 12/31/2023

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

Summary of Finding: Upon inquiry of the County in order to review the procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the County explained they were aware of the suspension and debarment requirements related to the SLFRF awards; however, did not retain documentation of SAMs.gov checks, nor was a clause always included in a contract. A population of seven covered transactions for goods or services, totaling \$4,887,195, that equaled or exceeded \$25,000 paid from SLFRF funds during the audit period was identified. A sample of three transactions, totaling \$582,000, was selected for testing. For each of the three transactions, the County did not verify the vendors' suspension and debarment status prior to payment. Due to the number and magnitude of exceptions identified, per auditor judgment, we concluded it would not be appropriate to expand the sample size or perform any additional audit procedures.

Status of Audit Finding: We are more aware of the correct process and procedures that need to take place and have established a system of internal controls to ensure contractors and sub-recipients are not suspended or debarred prior to entering into any contracts.

Response Comments: Not Corrected

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 01/01/2023 – 12/31/2023

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

Summary of Finding: The County submitted three P&E reports during the audit period as no expenditures existed for the period of October 1, 2021 to December 31, 2021, and, therefore, the County did not submit a report for that period. For the three reports submitted, all activity for the reporting period was not included, information submitted was not supported by the County's records, and the reports were not fairly presented.

Status of Audit Finding: We have received some instruction on the proper filing procedures and will those systems of internal controls in place that will ensure appropriate review and approvals are taking place and that the P&E report is accurate for submission to the Treasury.

Response Comments: Not Corrected

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-005

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 01/01/2023 – 12/31/2023

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

Summary of Finding: Subrecipient agreements did not include all of the required information.

Status of Audit Finding: The County Commissioners are responsible for the American Rescue Plan project list along with that responsibility is to have a sub-recipient agreement in place with those outside entities that received ARP grant monies from the County. The county has implemented a system of internal controls to ensure subrecipients are provided with an adequate subaward agreement.

Response Comments: Not Corrected

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CORRECTIVE ACTION PLAN

Finding 2023-001

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

Summary of Finding: The County did not have a proper system of internal control in place to prevent or detect and correct errors on the SEFA.

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

We are working through our revised Internal Controls over the Federal award information gathered from other county departments. We have added an additional employee to oversee the grant program in our office.

We have also learned through numerous reports from the Federal Treasury on how and what we need to be reporting for the American Rescue Plan grant.

Anticipated Completion Date: October 2024

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CORRECTIVE ACTION PLAN

Finding 2023-002

Finding Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting
Summary of Finding: The County had not properly designated or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, noncompliance. A single employee prepared and submitted reports without a documented review or oversight process in place to prevent or detect and correct errors. The County submitted three P&E reports during the audit period. No report was submitted for the period of October 1, 2022 to December 31, 2022 although there was activity during this time period. For the three reports submitted, all activity for the reporting period was not included and the reports were not fairly presented.

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

We are putting Internal Controls in place specific to the Covid-19 Coronavirus State and Local Fiscal Recovery Funds grant. We will put a checklist together when it is submitted by other departments with a review and approval process for the disbursement by the governing body before the claim can be processed.

Anticipated Completion Date: October 2024

**Office of the Auditor
Boone County
201 Courthouse Square
Lebanon, IN 46052**

**Debbie Morton-Crum
Auditor**

**(765) 482-2940
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CORRECTIVE ACTION PLAN

Finding 2023-003

Finding Subject: Covid-19 – Coronavirus State and Local Fiscal Recovery Funds – Subrecipient Monitoring

Summary of Finding: The County did not include all required information in the subrecipient agreements during the audit period.

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The County Commissioners are responsible for the American Rescue Plan project list along with that responsibility is to have a sub-recipient agreement in place with those outside entities that received American Rescue Plan grant monies from the County. An Internal Control is now in place that requires a sub-recipient agreement in place before a warrant can be paid to those outside entities. We will put procedures in place to ensure that money disbursed to sub-recipient is monitored.

Anticipated Completion Date: December 2024

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CORRECTIVE ACTION PLAN

Finding 2023-004

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

Summary of Findings: The County did not have a Board approved procurement policy that would reflect applicable state laws and regulations including procedures to avoid acquisition of unnecessary or duplicative items and 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. The County had five vendors that qualified for testing under small purchase procurement requirements (vendors paid \$10,000-\$150,000). Of the two chosen for testing, one was awarded a contract without the County obtaining quotes. The contract awarded was \$31,000 for engineering services related to drain construction.

Contact Person Responsible for Corrective Action: Debbie Morton-Crum, County Auditor
Contact Phone Number: 765-482-2940

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The process was not clear to the Auditor's Office or the departments submitting the claims for payment. We are more aware of the correct process and procedures that need to take place and will add those procedures to our Internal Control policy to ensure that the vendor is not suspended or debarred.

Anticipated Completion Date: October 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/>.