

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

HARRISON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

09/24/2024



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Chad Shireman	01-01-23 to 12-31-24
County Treasurer	Christa Day	01-01-23 to 12-31-24
Clerk of the Circuit Court	Sherry Brown	01-01-23 to 12-31-24
County Sheriff	Nicholas Smith	01-01-23 to 12-31-24
County Recorder	Debbie Dennison	01-01-23 to 12-31-24
President of the Board of County Commissioners	Nelson Stepro	01-01-23 to 12-31-24
President of the County Council	Donald Hussung	01-01-23 to 12-31-24
Superintendent of County Parks	Larry Shickles	01-01-23 to 12-31-24



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

TO: THE OFFICIALS OF HARRISON 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 Harrison County (County), for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated September 11, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Report on Internal Control over Financial Reporting***

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

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

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

***Harrison County's Response to Findings***

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

***Purpose of This Report***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

September 11, 2024



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

TO: THE OFFICIALS OF HARRISON COUNTY, INDIANA

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

***Qualified Opinion***

We have audited Harrison 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.

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

As described in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2023-004 for Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

***Other Matters***

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 item 2023-005. Our opinion on the major federal program is not modified with respect to these matters.

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)

*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 2023-004 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 September 11, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

September 11, 2024

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.

HARRISON 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 Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	A192-21-CV-CV2-338	\$ -	\$ 250,000
Total - Department of Housing and Urban Development				-	250,000
<u>Department of Justice</u>					
Equitable Sharing Program Sheriff Asset Forfeiture	Direct Grant	16.922	2023	-	341,553
Total - Department of Justice				-	341,553
<u>Department of Transportation</u>					
Federal Transit Cluster Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs 5311 Operating Assistance	Indiana Department of Transportation	20.526	EDS#A249-23-G220056 Contract #59283 Contract #59045	9,022 279 20,521	9,022 279 20,521
Total - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				29,822	29,822
Total - Federal Transit Cluster				29,822	29,822
Highway Planning and Construction Riverboat Riverboat-County Share Cumulative Bridge Cumulative Bridge Cumulative Bridge	Indiana Department of Transportation	20.205	DES 1702960 Des. 2001155 DES. 2002982-990 Des. 2002990 Des. 2100128	- - - - -	100,920 54,360 29,346 47,174 90,978
Total - Highway Planning and Construction				-	322,778
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509	Contract #68605	64,628	64,628
Formula Grants for Rural Areas and Tribal Transit Program 2022 5311 Transportation Grant 2022 5311 Transportation Grant 2023 5311 Transportation	Indiana Department of Transportation	20.509	Contract #59283 EDS#A249-22-G210088 EDS#A249-23-G220056	1,213 89,047 279,011	1,213 89,047 279,011
Total - Formula Grants for Rural Areas and Tribal Transit Program				369,271	369,271
Total - Department of Transportation				463,721	786,499
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act	Direct Grant	21.027	FY 2023	-	6,450,673
Total - Department of the Treasury				-	6,450,673

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response 2022 Covid-19 Testing Site	Indiana State Department of Health	93.354	NU90TP922179	-	28,435
Child Support Services	Indiana Department of Child Services	93.563			
Title IV-D Incentive			FY2023	-	31,194
Child Support - IV-D Monthly Claims			FY2023	-	41,210
Child Support - IV-D Monthly Claims			FY2023	-	7,854
Prosecutor Incentive			FY2023	-	38,399
Clerk Incentive			FY2023	-	9,388
Child Support - IV-D Monthly Claims			FY2023	-	165,758
Child Support - indirect cost			FY2023	-	36,519
Total - Child Support Services				-	330,322
Foster Care Title IV-E County General	Indiana Public Defender Commission	93.658	FY 2023	-	5,291
Opioid STR	Indiana Supreme Court	93.788			
Opioid Response 2021			21-5JC89-C31-001	-	1,488
SIM Grant-5JC89-C31-4-1			23-5JC89-C31-4-1	-	38,698
Total - Opioid STR				-	40,186
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs Coroner SUID/SDY Case Registry	Indiana State Department of Health	93.946	FY 2023	-	333
Maternal and Child Health Services Block Grant to the States Title V-2021-2023	Indiana State Department of Health	93.994	B04MC30611	-	34,740
Total - Department of Health and Human Services				-	439,307
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Riverboat-County Share	Indiana Department of Homeland Security	97.036	PA-05-4515-PW-00461	-	66,835
Emergency Management Performance Grants 2022 EMPG - Salary	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005	-	33,215
Total - Department of Homeland Security				-	100,050
Total federal awards expended				\$ 463,721	\$ 8,368,082

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

HARRISON 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.

HARRISON 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

**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 after the close of each fiscal year. The reports are to be filed electronically as prescribed. The County filed the reports as prescribed; however, a proper system of internal controls was not in place to prevent, or detect and correct, errors in the grant information.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The federal grant information was compiled by the Receipts Clerk and provided to the County Auditor. The County Auditor used the information provided to enter the federal award information 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 federal grant information prepared by the Receipts Clerk was not reviewed prior to the information being entered into Gateway to ensure the information was accurate and complete.

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

- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were overstated by \$601,881 as expenditures were incorrectly recorded in the fund that should have been paid from the Riverboat - County Share fund. This was corrected in 2024.
- The Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii expenditures were omitted, which understated expenditures by \$250,000.
- The Formula Grant for Rural Areas and Tribal Transit Program expenditures were incorrectly reported which overstated expenditures by \$101,596. The error consisted of \$29,822 in federal expenditures of the Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs reported under the wrong assistance listings number; \$73,266 in state grant money incorrectly reported as federal; and the omission of a federal reimbursement of \$1,492.
- The Highway Planning and Construction expenditures were overstated by \$35,723 as state matching grant amounts were incorrectly reported as federal expenditures.
- Two other grants were incorrectly reported that resulted in errors that totaled \$349.
- Amounts passed through to subrecipients totaling \$463,721 were not identified for two grant programs.
- Five grant programs had incorrect project identification numbers.
- The pass-through entity for three grant programs were not properly identified.

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

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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 section § 200.510. . . ."

HARRISON 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.

An integral part of the control activity component is segregation of duties. . . .

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

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

*Effect*

Without the proper implementation of a well-designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements. As such, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**FINDING 2023-002**

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

*Repeat Finding*

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

*Condition and Context*

Financial, supplemental, and other information is required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the County's financial statement.

The County Auditor prepared and submitted the financial information into Gateway without an oversight or review process in place to prevent, or detect and correct, errors on the financial statement. Additionally, the County did not have effective internal controls in place to review financial information on a regular basis to evaluate the reasonableness and accuracy of financial information.

Due to the lack of internal controls the following errors in financial transaction recording and reporting occurred:

- The County General fund receipt and disbursement activity was incorrectly reported. Receipts were understated by \$3,305,411, and disbursements were overstated by \$8,082, resulting in an understated ending cash and investment balance of \$3,313,493.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- The CAGIT-Co Certified Shares fund was omitted. This resulted in the understatement of both the beginning and ending cash and investment balance of \$159,972. The fund did not have any financial activity during 2023.
- The beginning and ending cash and investment balance of the Morvin's Landing Lease Fund was overstated by \$57,886. An investment that had been redeemed in 2021 was incorrectly included in the fund balance.
- Expenditures totaling \$601,329 were incorrectly recorded to the American Rescue Plan Act fund, resulting in the fund having a deficit balance at year end. Errors first occurred in September 2023 but had not been properly and timely identified and corrected by year end.
- Six other funds had deficit cash and investment balances carried forward from the prior year, totaling \$249,443. These funds did not have any activity in 2023, and there was no indication of subsequent grant funds being received to offset the deficit balance. The deficit cash balance is indicative of errors in recording of financial transactions or improper overspending of funds.
- Receipt transactions were not recorded in a timely manner by the County Auditor. Errors were found in 10 of the 239 receipt transactions tested, as they were not recorded by the end of the month and/or year in which they were received. As a result of not recording transactions in a timely manner, \$68,308 in receipts received at the end of the year was not recorded until the subsequent fiscal year.

Audit adjustment for material errors were proposed, accepted by the County, and made to the financial statement and the Combining Schedules, of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the County.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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. . . .

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"The 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 cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursement in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1.

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 Auditors of Indiana, Chapter 1)

*Cause*

A proper system of internal controls was not designed by management of the County, which would include segregation of duties, to ensure accurate and complete financial transaction recording and reporting. 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 a well-designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements. As such, material misstatements of the financial statement remained undetected and errors in transaction recording occurred. The financial statement 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.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2023-003**

Subject: Financial Transactions and Reporting - County Treasurer  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The County Treasurer did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors in cash and investments. The County Treasurer had not established internal controls to ensure monthly bank reconciliations were complete and accurate and to ensure financial activity was accurately recorded in the County Treasurer's Daily Balance of Cash and Depositories (County Treasurer's Cash Book) and reported.

Due to the lack of internal controls, the following errors were identified:

- Monthly bank reconciliations were not properly completed. A review of the December 2023 bank reconciliation identified the following errors with the reconciliation performed:
  - The outstanding check list was inaccurate. The total of the outstanding checks used in the reconciliation did not agree with the detailed listing of outstanding checks presented for audit. There were 70 checks, totaling \$27,784, identified as outstanding that were not reported on the outstanding check list.
  - The bank and investment balance used in the reconciliation was not in agreement with the balance shown on the bank and investments statements as confirmed with the financial institution. The depository account balance for 9 out of 15 bank accounts reported in the reconciliation were incorrect.
  - Amounts were reported as deposit in transit; however, no detail was provided to support the amounts shown.
  - Interest was not properly identified and used as a reconciling item.
  - On December 31, 2023, a difference of \$445,810 cash long existed between the depository account balance and the record balance.
- Interest was not properly and timely reported to the County Auditor for receipting to financial records. A review of bank interest for the year identified \$105,857 in interest for the period August through November 2023 that had not been recorded by year end. Interest totaling \$37,801 on investments for October to December 2023 were also not reported and recorded.
- An investments register was not maintained to identify investments held totaling \$30,961,905 and the investments were not properly recorded on the County Treasurer's Cash Book.
- Monies received were not being recorded timely to ensure financial activity was properly reported in the correct accounting period. Electronic deposits totaling \$82,926 received for the period December 8 to December 29 were not identified and recorded in the financial records until the following year.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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."

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."

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 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. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

The Register of Investments, Form 350, is the form prescribed for the treasurer to record investment transactions as they occur.

A separate line should be used for recording each security and a separate sheet should be used for each fund invested. A separate sheet should also be used for investments made from the total monies on deposit.

(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, Chapter 1)

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The County Treasurer had not established and implemented a proper system of internal controls over financial transactions and reporting to ensure accurate financial information was presented to the County Auditor, that bank reconciliements were completed properly, and that financial transactions were recorded properly. 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, the County Treasurer's monthly depository reconciliements did not properly identify differences between the depository and fund balances. In addition, without a properly completed depository reconciliation, the County's financial statement could be incomplete and contain uncorrected misstatements, which may mislead end users of the County's financial statement.

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

*Condition and Context*

Prior to entering into subawards and covered transactions with the 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.

The County did not have any policies or procedures in place related to the suspension and debarment requirements. A population of 12 covered transactions, totaling \$5,894,363, that equaled or exceeded \$25,000 paid from SLFRF funds were identified. Four of the transactions, totaling \$4,963,562, were selected for testing. For each of the four transactions, the County did not verify the vendor's suspension or debarment status prior to payment due to the County not having policies or procedures in place to verify that contractors were neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

31 CFR 19.300 states:

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

- (a) Checking the *EPLS*; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The County was unable to provide documentation to demonstrate it had policies or procedures in place to verify suspension and debarment status for covered transactions it intends to pay with federal funds. The County was unable to provide documentation to demonstrate the County had properly verified that contractors were neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the County cannot ensure that contractors paid with federal funds are eligible to participate in federal programs. Any program funds the County used to pay contractors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them.

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.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the County strengthen its system of internal controls to ensure that all contractors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into contracts. We also recommended strengthening its policies and procedures to ensure appropriate supporting documentation for federal programs is retained to be presented for audit.

*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 - 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, Other Matters

*Repeat Finding*

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

*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 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 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF). As such, the initial P&E report, covering the period from March 3, 2021 to March 31, 2022, was required to be submitted to the Treasury by April 30, 2022. The subsequent annual reports are to cover one calendar year and must be submitted to the Treasury by April 30 each year.

The County submitted one annual P&E report during the audit period; however, the internal controls in place were not effective to prevent, or detect and correct, errors. As a result, errors in reporting were identified. The current period obligations and cumulative obligations were incorrectly reported. The County was unable to provide supporting documentation for current period and cumulative obligations as reported.

The lack of effective internal controls and noncompliance were isolated to the one P&E report due during the audit period.

HARRISON 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). . . ."

*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. . . ."

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, . . ."

*Cause*

The County's oversight process for filing the P&E report for the period of April 1, 2022 to March 31, 2023, did not detect errors. Due to the timing of the P&E report submission and prior audit completion, corrective actions from the previous year's finding, finding number 2022-003, could not be implemented to correct noncompliance.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, the County did not report cumulative obligations and current period obligations properly when filing the P&E report for the period April 1, 2022 to March 31, 2023.

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

*Questioned Costs*

There were no questioned costs identified.

HARRISON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that management of the County design and implement a proper system of internal controls to provide for a segregation of duties in the preparation and review of federal reports to ensure appropriate reviews, approvals, and oversight are taking place. We also recommended the development of policies and procedures to ensure 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.

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#### AUDITEE-PREPARED DOCUMENTS

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

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

**Finding 2021-001 and Finding 2022-001**

**Fiscal Year in which the finding initially occurred:** 2013

**Current Audit Period:** 2023

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

**Summary of Finding:** The County Auditor failed to establish a system of internal controls with necessary policies and procedures to ensure accurate reporting of the SEFA. Without proper internal controls, material misstatements in the SEFA went undetected, resulting in significant reporting errors.

**Status of Audit Finding:** Not corrected

**Response Comments:**

A timely submission of the SEFA was given higher prioritization than having proper internal controls in place. For this reason, the county auditor entered and submitted all information provided by the accounts receivable deputy without proper oversight.

Misrepresentations on the SEFA matched the grant information maintained by the auditor's office, so an internal control process would not have corrected the issues prior to submission. However, the audit team has worked with the office to educate us on how to properly report these amounts and changes to the record keeping will be made accordingly.

The county auditor will begin entering SEFA information first when completing the annual report instead of last, providing more time for proper internal control processes and documentation of their occurrence to take place. The timeline for these changes will be the beginning of January through the end of February of 2025, leading into the AFR due date of March 1, 2025.

CHAD SHIREMAN, AUDITOR

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

**Finding 2021-002 and Finding 2022-002**

**Fiscal Year in which the finding initially occurred:** 2021

**Current Audit Period:** 2023

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:** The County Auditor did not design a proper system of internal controls, which should include segregation of duties. This system should consist of policies (management statements) and procedures (actions to implement these policies). Without a properly designed and implemented internal control system, including segregation of duties and additional oversight, the County's internal control system cannot effectively prevent, detect, or correct material misstatements in the financial statements.

**Status of Audit Finding:** Not corrected

**Response Comments:**

Efforts to submit the annual report before the deadline after a delay in getting started lead to a rushed submission without internal controls. A process was developed and partially implemented in 2020 that allowed a time period for financial information to be reviewed by auditor staff members once the county auditor had entered the information.

The AFR outputs function will be used in order to print hard copies of the reports, with staff making notes, signing off and dating the documents for supporting evidence that the internal controls are taking place. The county auditor will be printing hard copies of sections of the annual report as the information is entered rather than waiting until all of the information has been entered. This will allow for a thorough review to take place without compromising the date in which the annual report is submitted.

CHAD SHIREMAN, AUDITOR

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

**Finding 2021-003 and Finding 2022-003**

**Fiscal Year in which the finding initially occurred:** 2021

**Current Audit Period:** 2023

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

**Summary of Finding:** The County Auditor failed to design and implement an effective system of internal controls over the P&E reporting process. This includes necessary policies and procedures to ensure accurate and compliant reporting. The absence of an effective internal control system resulted in noncompliance with federal reporting requirements, potentially jeopardizing future federal funding. Additionally, it compromised the transparency and accuracy of information available to the public regarding the use of federal funds. Information reported on the annual P&E report was not accurate during the audit period.

**Status of Audit Finding:** Not corrected

**Response Comments:**

Waiting until the deadline was approaching, in addition to incorrect expenditures posting to the fund, lead to a rushed submission without internal controls in place. The commissioner assigned to provide oversight is no longer in a position to serve the role.

Future reporting will be entered by the county auditor as obligations and expenditures are incurred, allowing for incremental overview by the designated county commissioner. The designated commissioner will be updated from the prior president to the current president as soon as possible to ensure a smooth transition. By making these changes early in the reporting cycle, authorized users will be up to date, information will be entered timely, and a proper review can take place prior to submission.

CHAD SHIREMAN, AUDITOR

HARRISON COUNTY AUDITOR  
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Summary Schedule of Prior Audit Findings

**Finding 2021-004**

**Fiscal Year in which the finding initially occurred:** 2021

**Current Audit Period:** 2023

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

**Summary of Finding:** The County Auditor did not design and implement a proper system of internal controls, including policies and procedures necessary for evaluating subrecipients' risk of noncompliance and adequately monitoring subrecipients. The lack of an effective internal control system led to inadequate evaluation and monitoring of the subrecipient, increasing the risk of noncompliance with Federal statutes, regulations, and award terms. This noncompliance could result in the loss of future Federal funding for the County.

**Status of Audit Finding:** Not corrected

**Response Comments:**

The prior audit finding is not corrected. A breakdown in communication between the auditor and his staff lead to the necessary changes not taking place. The county auditor will be working with accounts payable employees on a process that ensures compliance with requirements related to the procurement and suspension and debarment compliance requirements are met.

The County will require vendors used for federal programs to register with the SAM.gov. The auditor and applicable staff members will prepare a memo for elected officials and department heads on how to use SAM.gov and other resources to check the status of vendors with contracts over \$25,000.00. Departments will submit this with their claims and the auditor's office will verify as part of their existing claims review process.

The county auditor will also be working with the county attorney to create a procurement and suspension and debarment compliance certifying statement to be included in contracts, bid specifications and as a standalone document when necessary.

HARRISON COUNTY AUDITOR  
245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

Summary Schedule of Prior Audit Findings

Finding 2022-004

Fiscal Year in which the finding initially occurred: 2022

Current Audit Period: 2023

Subject: Formula Grants for Rural Areas and Tribal Transit Program - Subrecipient Monitoring

Audit Findings: Material Weakness, Modified Opinion

Summary of Finding: The County Auditor did not design and implement a proper system of internal controls, including policies and procedures necessary for evaluating subrecipients' risk of noncompliance and adequately monitoring subrecipients. The lack of an effective internal control system led to inadequate evaluation and monitoring of the subrecipient, increasing the risk of noncompliance with Federal statutes, regulations, and award terms. This noncompliance could result in the loss of future Federal funding for the County.

Status of Audit Finding:

Fully Corrected.

CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

## CORRECTIVE ACTION PLAN

### ***FINDING 2023-001***

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

#### **Summary of Finding:**

Finding 2023-001 addresses deficiencies in the preparation of the Schedule of Expenditures of Federal Awards (SEFA). A material weakness and noncompliance were identified due to a lack of internal controls to prevent or detect errors in SEFA reporting. Various errors were noted, including the overstatement and understatement of expenditures, incorrect project identification numbers, and inaccurate reporting of pass-through entities.

#### **Contact Person Responsible for Corrective Action: Chad Shireman**

**Contact Phone Number and Email Address: 812-738-8241; cshireman@harrisoncounty.in.gov**

#### **Views of Responsible Officials:**

We concur with the finding.

#### **Description of Corrective Action Plan:**

To address the weaknesses identified, Harrison County will enhance internal controls related to SEFA preparation. A multi-step review process will be implemented to ensure accuracy before submitting the SEFA to the Indiana Gateway for Government Units financial reporting system. Specifically, the federal award information compiled by auditor's office staff will be reviewed by the County Auditor or another designated official to verify the completeness and accuracy of data.

Additionally, a formal policy will be drafted to require segregation of duties in SEFA preparation and review processes. Compensating controls will be put in place where segregation is not feasible. Staff involved in financial reporting will receive targeted training to ensure they understand federal requirements for SEFA reporting and internal control standards outlined by the Indiana State Board of Accounts.

#### **Anticipated Completion Date:**

March 1, 2025

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CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

## CORRECTIVE ACTION PLAN

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

#### **Finding Subject: Financial Transactions and Reporting – County Auditor**

#### **Summary of Finding:**

Finding 2023-002 identified material weaknesses and noncompliance related to the County Auditor's handling of financial transactions and reporting. Specifically, errors in recording and reporting financial data on the County's Annual Financial Report (AFR) were detected due to the absence of a proper internal control system, including a lack of oversight and segregation of duties. Issues identified included misreporting of receipts and disbursements, omission of funds, overstated balances, and delayed recording of receipt transactions.

#### **Contact Person Responsible for Corrective Action: Chad Shireman**

**Contact Phone Number and Email Address: 812-738-8241; cshireman@harrisoncounty.in.gov**

#### **Views of Responsible Officials:**

We concur with the finding.

#### **Description of Corrective Action Plan:**

The financial data preparation and submission process will now include multiple levels of review. All data compiled by auditor's office staff for entry into the Gateway system will be subject to a secondary review by a designated supervisor to verify accuracy and completeness. A quarterly reconciliation process will be established to ensure financial information is regularly reviewed for accuracy. Discrepancies will be promptly identified and corrected.

Training will be provided to staff responsible for financial data entry and reporting to ensure they are aware of proper procedures and the importance of timely and accurate reporting. Documentation of procedures for recording transactions, especially grant-related funds, will be formalized to ensure compliance and prevent future errors. Auditor's office staff, as well as the departments that they interact with, will be reminded of the importance of recording receipt transactions in a timely manner to avoid instances where receipts are carried over into the subsequent fiscal year.

#### **Anticipated Completion Date:**

December 31, 2024

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CHAD SHIREMAN, AUDITOR

# CHRISTA DAY

Harrison County Treasurer  
christa.day@harrisoncounty.in.gov  
office: (812) 738-2348  
245 Atwood Street  
Suite# 213  
Corydon, IN 47112

## CORRECTIVE ACTION PLAN

### FINDING 2003-003

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

**Summary of Finding:** The County Treasurer did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors in cash and investments. The County Treasurer had not established internal controls to ensure monthly bank reconciliations were complete and accurate, and to ensure financial activity was accurately recorded in the County Treasurer's Daily Balance of Cash and Depositories (County Treasurer's Cash Book) and reported. As a result, bank reconciliations were not properly performed and a variance of \$445,810 existed between the records and the depository balance. Receipt transactions were not recorded in a timely and interest was not timely and properly recorded. An investment register was not maintained.

**Contact Person:** Christa Day (812) 738-2348  
christa.day@harrisoncounty.in.gov

**Views of Responsible Official:** I concur with the findings.

### Description of Corrective Action Plan:

The monthly reconciliations will be properly completed by verifying the outstanding check lists more carefully. The bank balances will be checked and verified by Chief Deputy. I was not aware that there was to be documentation for deposits in transit, and now that I am aware of this, information can be documented. All information on the monthly reconciliation will be discussed and double checked with the Chief Deputy for accuracy.

Interest was not recorded due to changing our accounts to Treasury Investments and not having the changes recorded in software program (Low). This information was kept in a book with all monthly reporting. Going forward, all information and interest on Treasuries will be documented on a spreadsheet and into Cash Books.

All electronic deposits will be carefully monitored to ensure these are recorded in a timely manner.

### Anticipated Completion Date:

September 2025, by next year's Audit

# HARRISON COUNTY AUDITOR

245 ATWOOD STREET STE. 211  
CORYDON, INDIANA 47112  
(812) 738-8241

## CORRECTIVE ACTION PLAN

### ***FINDING 2023-004***

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

#### **Summary of Finding:**

Finding 2023-004 revealed that the County did not have policies or procedures in place to verify the suspension or debarment status of contractors paid with federal funds under the State and Local Fiscal Recovery Funds (SLFRF) program. For the four transactions tested, totaling \$4,963,562, the County did not verify the suspension or debarment status of vendors before making payments. This lack of controls and noncompliance with federal requirements was a systemic issue during the audit period.

**Contact Person Responsible for Corrective Action: Chad Shireman**

**Contact Phone Number and Email Address: 812-738-8241; cshireman@harrisoncounty.in.gov**

#### **Views of Responsible Officials:**

We concur with the finding.

#### **Description of Corrective Action Plan:**

The County Auditor's office acknowledges the need for proper internal controls related to suspension and debarment checks for contractors receiving \$25,000 or more in federal funds. The County will create and adopt a formal policy requiring verification of the suspension and debarment status of all contractors involved in transactions exceeding \$25,000 before any contract is awarded or payment is made and require vendors to register with SAM.gov. The policy will require checks to be performed using the Excluded Parties List System (EPLS), as mandated by federal regulations, and verification to be documented in each contract file.

County staff involved in procurement and contracting will undergo training on federal compliance requirements, including the verification of suspension and debarment status for covered transactions under the SLFRF and other federal programs. A system of documentation and record retention will be established to ensure that all suspension and debarment verifications are properly recorded and maintained for audit purposes. A regular monitoring process will be implemented to review compliance with suspension and debarment requirements.

#### **Anticipated Completion Date:**

December 31, 2024

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CHAD SHIREMAN, AUDITOR

# HARRISON COUNTY AUDITOR

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## CORRECTIVE ACTION PLAN

### ***FINDING 2023-005***

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

#### **Summary of Finding:**

Finding 2023-005 found that the County did not have an effective system of internal controls in place to ensure accurate and complete reporting of Project and Expenditure (P&E) reports for the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The County was unable to provide supporting documentation for current period and cumulative obligations, resulting in reporting errors. This issue was isolated to the one annual P&E report submitted during the audit period.

**Contact Person Responsible for Corrective Action: Chad Shireman**

**Contact Phone Number and Email Address: 812-738-8241; cshireman@harrisoncounty.in.gov**

#### **Views of Responsible Officials:**

We concur with the finding.

#### **Description of Corrective Action Plan:**

The County Auditor's office acknowledges the need for strengthened internal controls and improved processes to ensure compliance with reporting requirements for federal awards. A system of internal controls will be designed and implemented to ensure segregation of duties in the preparation, review, and submission of federal reports. This will involve designating different personnel for the preparation and review of P&E reports to ensure accuracy and thorough oversight before submission.

Staff involved in federal reporting will receive training on SLFRF compliance and reporting requirements, including proper procedures for documenting obligations and reporting them accurately. The County will review its procedures to ensure compliance with federal reporting requirements periodically. This will help identify any potential issues in a timely manner and allow for immediate corrective action if needed. In addition, regular reviews will verify that corrective actions from prior audits are fully implemented and maintained.

#### **Anticipated Completion Date:**

December 31, 2024

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CHAD SHIREMAN, AUDITOR

## 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/>.