

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

KNOX COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

08/15/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Lisa Clark/Benock	01-01-23 to 12-31-24
County Treasurer	Cendy Joslin	01-01-23 to 12-31-24
Clerk of the Circuit Court	David Shelton	01-01-23 to 12-31-24
County Sheriff	Doug Vantlin	01-01-23 to 12-31-24
County Recorder	Kelley Hopwood	01-01-23 to 12-31-24
President of the Board of County Commissioners	Kellie E. Streeter	01-01-23 to 12-31-24
President of the County Council	Harry Nolting Richard Chattin	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 KNOX 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 Knox 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 31, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Beth Kelley, CPA, CFE
Deputy State Examiner

July 31, 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 KNOX COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and 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 its major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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 31, 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 31, 2024

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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KNOX 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	Indiana Criminal Justice Institute	16.575			
2019VOCA-CASA			VOCA-2022-00080	\$ -	\$ 189,032
2019VOCA-CASA			VOCA SUPP-2022-00090	-	10,021
VOCA			VOCA-2022-00235	-	40,546
				-	239,599
Total - Crime Victim Assistance				-	239,599
Treatment Court Discretionary Grant Program	Direct Grant	16.585			
KNOX COUNTY DRUG COURT ENHANCEMENT			2018-DC-BX-0057	-	87,300
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738			
JAG SHERIFF GRANT			JAG-2022-00010	-	44,644
Body Worn Camera Policy and Implementation	Direct Grant	16.835	28531159	-	33,000
				-	33,000
Total - Department of Justice				-	404,543
<u>Department of Transportation</u>					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Indiana Department of Transportation	20.526			
VAN GO			IN-2020-029-00	148,090	148,090
VAN GO			IN-2021-031-00	48,085	48,085
VAN GO			IN-2022-014-00	2,684	2,684
				198,859	198,859
Total - Federal Transit Cluster				198,859	198,859
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
OPERATION PULL OVER			CHIRP-2023-00059	-	11,315
				-	11,315
Total - Highway Safety Cluster				-	11,315
Highway Planning and Construction	Indiana Department of Transportation	20.205			
BRIDGE 382			DES 1600892	-	308,676
ELKHORN RD PROJECT			DES 1800986	-	121,286
BRIDGE INSPECTION			DES 1902073	-	12,329
				-	442,291
Total - Highway Planning and Construction				-	442,291

KNOX 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 VAN GO VAN GO	Indiana Department of Transportation	20.509	IN-2021-031-00 IN-2022-014-00	106,670 468,773	106,670 468,773
Subtotal - Formula Grants for Rural Areas and Tribal Transit Program				<u>575,443</u>	<u>575,443</u>
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program VAN GO	Indiana Department of Transportation	20.509	IN-2020-007-00	<u>57,778</u>	<u>57,778</u>
Total - Formula Grants for Rural Areas and Tribal Transit Program				<u>633,221</u>	<u>633,221</u>
Total - Department of Transportation				<u>832,080</u>	<u>1,285,686</u>
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARP CORONAVIRUS LOCAL FISCAL RECOVERY FUND CCHW - LEAD GRANT IN LOCAL BODY CAMERA GRANT	Direct Grant Indiana State Department of Health Indiana Department of Homeland Security	21.027	YR 2023 CONTRACT 64511 FR-2023-ILBC-00020	- - -	4,044,726 68,925 14,000
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				<u>-</u>	<u>4,127,651</u>
Total - Department of the Treasury				<u>-</u>	<u>4,127,651</u>
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness CO. HEALTH-BIOTERRORISM	Indiana State Department of Health	93.069	NU90TP922052	-	<u>12,000</u>
Immunization Cooperative Agreements IMMUNIZATION	Indiana State Department of Health	93.268	NH23IP922631	-	<u>64,488</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response 93.354 PUBLIC HEALTH EMERGENCY	Indiana State Department of Health	93.354	NU90TP922179	-	<u>178,281</u>

KNOX 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
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds IMMUNIZATION	Indiana State Department of Health	93.539	CONTRACT 50389	-	8,516
Child Support Services	Indiana Department of Child Services	93.563			
CLERK IV-D EXPENDITURES			FY 2023	-	14,174
PROSECUTOR IV-D EXPENDITURES			FY 2023	-	133,154
COUNTY GENERAL IV-D INDIRECT COSTS			FY 2023	-	41,688
PROSECUTOR IV-D INCENTIVES			FY 2023	-	8,871
CLERK IV-D INCENTIVES			FY 2023	-	12,600
COUNTY IV-D INCENTIVES			FY 2023	-	16,744
SUPERIOR COURT I IV-D EXPENDITURES			FY 2023	-	19,073
Total - Child Support Services				-	246,304
Opioid STR INDIANA STATE OPIOID RESPONSE 3	Good Samaritan Hospital	93.788	1H79TI085779-01	-	166,800
Total - Department of Health and Human Services				-	676,389
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMA PERFORMANCE GRANT	Indiana Department of Homeland Security	97.042	FR-2022-EMPGS-00930	-	30,000
BRIC: Building Resilient Infrastructure and Communities EMA PRE-DISASTER MITIGA	Indiana Department of Homeland Security	97.047	EMC-2020-PC-0002	-	19,000
Total - Department of Homeland Security				-	49,000
Total federal awards expended				<u>\$ 832,080</u>	<u>\$ 6,543,269</u>

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

KNOX 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.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-001

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Internal Controls
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Numbers and Years (or Other Identifying Numbers): YR 2023; CONTRACT 64511;
FR-2023-ILBC-00020
Pass-Through Entities: Indiana State Department of Health, Indiana Department of Homeland Security
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost
Principles, Period of Performance
Audit Finding: Material Weakness

Condition and Context

Prior to receipt of direct State and Local Fiscal Recovery Funds (SLFRF) award funds, all eligible entities were required to execute a Financial Assistance Agreement (Agreement), which included the Award Terms and Conditions that recipients must comply with in carrying out the objectives of their award. Per the Agreement, the County was responsible for the effective administration of the federal award, as well as the application of sound management practices and administration of federal funds in a manner consistent with program objectives and terms and conditions of the award.

Recipients may use SLFRF funds for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021. The SLFRF program provides substantial flexibility for each recipient to meet local needs within four separate eligible use categories. Recipients may use SLFRF funds to:

- Respond to the COVID-19 public health emergency and its negative economic impacts;
- Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of eligible employers that have eligible workers who are performing essential work;
- Provide government services, to the extent COVID-19 caused a reduction in revenues collected in the most recent full fiscal year of the recipient; and
- Make necessary investments in water, sewer, or broadband infrastructure.

Pursuant to the Agreement, the period of performance for the award began on the date the funds were disbursed to the County and ends on December 31, 2026. Recipients may only use funds to cover costs incurred during the period that began on June 7, 2021, and ends on December 31, 2024. Recipients must liquidate all obligations incurred by December 31, 2024, under the award no later than December 31, 2026, which is the end of the period of performance.

In addition, prior to receipt of SLFRF award funds passed through from other entities, the County was required to execute a subrecipient agreement which included terms and conditions that recipients must comply with in carrying out the objectives of its award. Recipients were to use SLFRF funds to *develop and improve health outcomes and acquire body cameras for law enforcement*. Furthermore, pursuant to the subrecipient agreements, the period of performance for the award began on 8/1/22 and 1/1/23 and ends on 6/30/24 and 12/31/23, respectively.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Accounts payable vouchers paid from the SLFRF fund were processed by one County employee. The employee reviewed and approved the accounts payable voucher to ensure all expenditures were for allowable activities, allowable costs, and were within the period of performance prior to issuing payment from the SLFRF fund. Of the 60 accounts payable vouchers tested during the audit period, 4 were not properly reviewed or approved by the employee responsible for ensuring compliance.

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Accounts payable vouchers were not approved when the employee that ensured compliance was on vacation. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the County's management of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. 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 appropriate reviews, approvals, and oversight are taking place prior to payment on a regular basis and when individuals are absent.

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.



Knox County Auditor

Auditor Lisa Clark/Benock
111 N 7th St, Suite 5
Vincennes, IN 47591
812-885-2502

Summary Schedule of Prior Audit Findings

Finding 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: January 1, 2023 to December 31, 2023

Finding Subject: Financial Transactions and Reporting – County Auditor

Summary of Finding: The County had not established effective internal controls over the financial information entered in the Gateway financial reporting system. The County failed to properly review the financial information prepared and submitted in Gateway. Although the Bookkeeper compiled, reviewed and entered the County's financial information in Gateway and the County Auditor reviewed and certified the information entered was accurate, the internal control was not effective and did not detect and allow correction of all errors prior to submission.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.



Knox County Auditor

Auditor Lisa Clark/Benock
111 N 7th St, Suite 5
Vincennes, IN 47591
812-885-2502

Summary Schedule of Prior Audit Findings

Finding 2022-002

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: January 1, 2023 to December 31, 2023

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

Summary of Finding: The County had not established effective internal controls over the federal award information entered in Gateway financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA).

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although the Bookkeeper prepared and entered the federal award information into Gateway, and the Deputy County Auditor reviewed a printed grants worksheet and approved the information entered, the internal control was not effective and did not detect and allow correction of all errors prior to submission.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.



Knox County Auditor

Auditor Lisa Clark/Benock
111 N 7th St, Suite 5
Vincennes, IN 47591
812-885-2502

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: COVID19- Coronavirus State and Local Fiscal Recovery Funds – Internal Controls

Summary of Finding: The County had not properly designed or implemented a system of internal controls. A single employee received all accounts payable vouchers for expenditures from the SLFRF award. The employee was to review and approve the accounts payable voucher to ensure all expenditures were for allowable activities, allowable costs, and were within the period of performance prior to issuing payment from the SLFRF fund. Of the sixty accounts payable vouchers tested during the audit period, four were not properly reviewed or approved by the single employee responsible for implementing the control.

Contact Person Responsible for Corrective Action: Lisa Clark/Benock

Contact Phone Number and Email Address: 812-885-2502, lcbenock@knoxcounty.in.gov

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The Auditors Office Accounts Payable Clerk will review the claim voucher to be sure it is properly itemized with fund number on which it is drawn and the appropriation account to be charged. The claim will be reviewed by another Auditor staff member. The claim approval will be filed with consideration by the board of County Commissioners.

Anticipated Completion Date: Immediately

OTHER REPORTS

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