

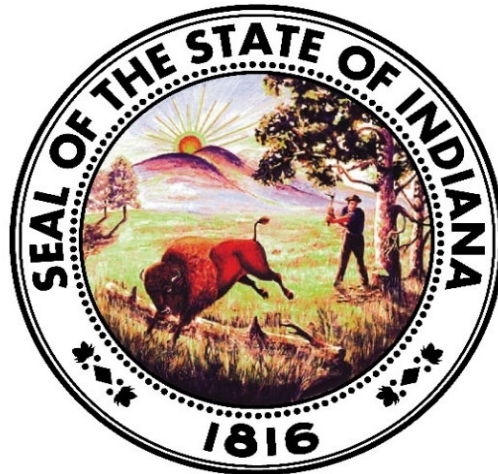
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FEDERAL COMPLIANCE AUDIT REPORT

OF

NOBLE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

09/27/2024



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
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 <i>Government Auditing Standards</i> .....	3-4
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 .....	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-20
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	22-24
Corrective Action Plan .....	25-26
Other Reports.....	27

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Shelley Mawhorter	01-01-23 to 12-31-24
County Treasurer	Natasha Campbell	01-01-23 to 12-31-24
Clerk of the Circuit Court	Tammy Bremer	01-01-23 to 12-31-24
County Sheriff	Max Weber	01-01-23 to 12-31-24
County Recorder	Tonya Jones	01-01-23 to 12-31-24
President of the Board of County Commissioners	Gary Leatherman	01-01-23 to 12-31-24
President of the County Council	George Bennett	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 NOBLE 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 Noble 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 18, 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 controls 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 and 2023-002, 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 and 2023-002.

***Noble 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 18, 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 NOBLE COUNTY, INDIANA

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

***Qualified Opinion***

We have audited Noble 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 2023-003 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

***Other Matters***

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

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

### Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003, 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 18, 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 18, 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.

NOBLE 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>					
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
Violence Against Women Formula Grants			15JOVW-22-GG-00423-STOP	\$ -	\$ 4,091
Total - Department of Justice				-	4,091
<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			
			A249-22-G190031	7,944	7,944
			A249-23-G190031	91,200	91,200
Total - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				99,144	99,144
Total - Federal Transit Cluster				99,144	99,144
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
State & Community Highway Safety			CHIRP-2023-00041	-	11,385
Total - Highway Safety Cluster				-	11,385
Highway Planning and Construction					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Highway Planning and Construction			DES 1592929	-	9,788
Highway Planning and Construction			DES 1600678	-	9,285
Highway Planning and Construction			DES 1600697	-	620
Highway Planning and Construction			DES 1702729	-	2,933
Highway Planning and Construction			DES 1902840	-	53,068
Highway Planning and Construction			DES 1902842	-	98,063
Highway Planning and Construction			DES 2002967	-	126,152
Highway Planning and Construction			DES 2101759	-	74,560
Highway Planning and Construction			DES 2101773	-	75,859
Highway Planning and Construction			DES 2201111	-	60,092
Total - Highway Planning and Construction				-	510,420
Formula Grants for Rural Areas and Tribal Transit Program					
COVID 19 Formula Grants for Rural Areas	Indiana Department of Transportation	20.509			
COVID 19 Formula Grants for Rural Areas			A249-20-G190031	48,045	48,045
COVID 19 Formula Grants for Rural Areas			A249-22-G190031	96,121	96,121
COVID 19 Formula Grants for Rural Areas			A249-23-G190031	216,739	216,739
Total - Formula Grants for Rural Areas and Tribal Transit Program				360,905	360,905
Minimum Penalties for Repeat Offenders for Driving While Intoxicated State and Community					
	Indiana Criminal Justice Institute	20.608			
			CHIRP-2023-00041	-	16,098
Total - Department of Transportation				460,049	997,952
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue	Direct Grant	21.027			
			FY2023	-	1,978,134

NOBLE 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
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Body Camera Grant	Indiana Department of Homeland Security	21.027	FY 2023	-	16,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Lead Grant	Indiana State Department of Health	21.027	FY 2023	-	4,725
Total - Department of the Treasury				-	1,998,859
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Bio Terrorism	Indiana State Department of Health	93.069	NU90TP922052	-	25,000
Immunization Cooperative Agreements Immunization Supplement	Indiana State Department of Health	93.268	NH23IP922631	-	66,434
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Indiana State Department of Health	93.354	NU90TP922179	-	56,000
Child Support Services Child Support Services	Indiana Department of Child Services	93.563	FY2023	-	254,779
Foster Care Title IV-E Foster Care Title IV-E	Indiana Department of Child Services	93.658	FY2023	-	6,316
Opioid STR PreTrail Grant	Indiana Supreme Court Administration	93.788	20-5JC89-C-57-042	-	47,709
Total - Department of Health and Human Services				-	456,238
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Emergency Management Performance Grant	Indiana Department of Homeland Security	97.042	EMC-2022-EP-00005	-	44,828
Total - Department of Homeland Security				-	44,828
Total federal awards expended				<u>\$ 460,049</u>	<u>\$ 3,501,968</u>

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

NOBLE 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.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

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

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

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

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

**FINDING 2023-001**

Subject: Financial Transactions and Reporting  
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*

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system. The financial information entered is the source of the County's Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (financial statement).

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County had not established effective internal controls over the fund financial information prepared and submitted in Gateway. Although one employee prepared and entered the fund financial information into Gateway, and another employee reviewed and approved the information entered, the internal controls were not effective and did not detect and allow for correction of errors prior to submission.

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

- The beginning and ending cash and investments balances were overstated for funds 2051, 16.523 Juv. Inc., and 4201, Civil Service Fee, by \$75,954 and \$125,272, respectively.
- The receipts and ending cash and investment balance were overstated for fund 5261, Medicare, by \$205,381.
- The receipts and disbursements of fund 8171, Problem Solving Grant, were understated by \$10,000 and \$16,022, respectively. The ending cash and investment balance was overstated by \$6,022.
- The receipts, disbursements, and ending cash and investment balance of fund 9198, Courthouse Reno Bond, was not reported on the AFR for the following amounts respectively, \$1,012,254; \$45,705; and \$966,549.
- The beginning cash and investment balance, receipts, and disbursements of the Clerk's Trust Fund were understated by \$500; \$4,659,379; and \$4,820,185, respectively. The ending cash and investment balance was overstated by \$160,306.
- The beginning and ending cash and investment balances of the County Sheriff's Inmate Trust fund was overstated by \$36,069.

In addition, the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Combining Schedule) did not adequately report the detail of disbursements. All disbursements were reported as "Other Disbursements." Disbursement categories on the Combining Schedule should reflect proper classifications. Disbursements should have included personal services, supplies, other services and charges, capital outlay, and debt service - principal and interest. As such, \$136,685,004 of disbursements were reclassified to the appropriate fund classifications.

Audit adjustments were proposed, accepted by the County, and made to the financial statement and the Combining Schedule presented as Other Information in the Financial Statement Audit Report of the County.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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. . . ."

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

"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](#)."

*Cause*

Management of the County had not established a system of internal controls that would have ensured proper reporting of the financial statement and Combining Schedule.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the financial statement and Combining Schedule remained undetected. The financial statement and Combining Schedule 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: 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 2022-002.

*Condition and Context*

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered is the source of the County's Schedule of Expenditures of Federal Awards (SEFA).

The County had not established effective internal controls over the federal award information prepared and submitted in Gateway. Although the County Auditor prepared the preliminary SEFA and entered it into Gateway, and the Deputy County Auditor reviewed and approved the information entered; the internal controls were not effective and did not detect and allow correction of errors prior to submission.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

- Eight programs reported were not federal grants, which overstated expenditures by \$793,399.
- Three federal grants were not reported, which understated expenditures by \$199,972.
- The Highway Planning and Construction expenditures were overstated by \$652,435.
- The Formula Grants for Rural Areas and Tribal Transit Program expenditures were overstated by \$1,087,227.
- Child Support Enforcement expenditures were understated by \$160,141.
- Opioid STR expenditures were overstated by \$362,891.
- Seven additional grants had immaterial errors which resulted in misstatements of expenditures of \$96,024, in total.
- Amounts reported as passed through to subrecipients were understated by \$96,390.
- Other errors included incorrect program names, pass-through entities, and identifying numbers.

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

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. . . .

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

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

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

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

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

2 CFR 200.508 states in part:

"The auditee must: . . .

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

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.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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."

*Cause*

Management had not established a system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

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

*Views of Responsible Officials*

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2023-003**

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

*Repeat Finding*

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

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

The County elected to receive the standard revenue loss allowance, allowing the County to claim its total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF) allocation of \$9,273,712 as revenue loss to use for government services. The U.S. Department of the Treasury (Treasury) determined that there are no subawards under this eligible use category and that recipients' use of revenue loss funds would not give rise to subrecipient relationships given that there is no federal program or purpose to carry out in the case of the revenue loss portion of the award.

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

Upon inquiry of the County's policies and procedures related to suspension and debarment requirements, the County disclosed its process was for the County Auditor to ensure that the agreements or contracts include language related to suspension and debarment. There were 18 covered transactions for goods or services that equaled or exceeded \$25,000 that were paid from SLFRF funds during the audit period were identified. Of the 18 covered transactions, 3 were selected for testing. Each transaction was examined to determine whether the County verified the suspension and debarment status of the vendor prior to payment.

The first covered transaction, in the amount of \$319,064, was made to a contractor for the design development of the courthouse renovation. While the contract was reviewed and approved by a County official, no suspension or debarment clause was present in the contract. No other method was used to verify that the vendor was neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities prior to payment.

The second transaction, in the amount of \$1,259,834, was made to a contractor for renovation work completed on the county jail. While the contract was reviewed and approved by a County official, no suspension or debarment clause was present in the contract. No other method was used to verify that the vendor was neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities prior to payment.

The third transaction, in the amount of \$135,900, was made on the roof to replace a portion of the renovation work completed on the county jail. While the contract was reviewed and approved by a County official, no suspension or debarment clause was present in the contract. No other method was used to verify that the vendor was neither suspended nor debarred, or otherwise excluded or disqualified, from participating in federal assistance programs or activities prior to payment.

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:

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

31 CFR 19.300 states:

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

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



***SHELLEY MAWHORTER***  
**NOBLE COUNTY AUDITOR**  
**109 N YORK ST.**  
**ALBION, IN 46701**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2021-001***

**Fiscal year in which the finding initially occurred:** 2017  
**Current Audit Period:** 2023

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:** Deficiency in internal controls exists which resulted in errors in financial statement

**Status of Audit Finding:** Not Corrected

**Response Comments:**

Since the last audit (2022) we have implemented a dual check list and a form that must be signed by at least two (2) people. Starting in 2024 (being done in 2025) we will be uploading all of our financial information from the LOW system into Gateway to avoid manual entry.

***FINDING 2021-002***

**Fiscal year in which the finding initially occurred:** 2013  
**Current Audit Period:** 2023

**Finding Subject:** Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

**Summary of Finding:** Deficiency in internal controls over preparation of SEFA which resulted in errors in the SEFA.

**Status of Audit Finding:** Not Corrected

**Response Comments:**

We have requested since 2023 all Grant paperwork be delivered to the Auditor's Office. We have requested all re-imbursement paperwork and or invoices also. We can track the receipts (as almost 100% of the money comes ACH). Tracking the initial paperwork and reimbursement requests has been harder. Another email has been sent to all departments requiring them to send us all grant paperwork.

***FINDING 2022-001***

**Fiscal year in which the finding initially occurred:** 2017

**Current Audit Period:** 2023

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:** deficiency in internal controls exists which resulted in errors in financial statement

**Status of Audit Finding:** Not Corrected

**Response Comments:**

Since the last audit (2022) we have implemented a dual check list and a form that must be signed by at least two (2) people. Starting in 2024 (being done in 2025), we will be uploading all of our financial information from the LOW system into Gateway to avoid manual entry.

***FINDING 2022-002***

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

**Current Audit Period:** 2023

**Finding Subject:** Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

**Summary of Finding:** Deficiency in internal controls over preparation of SEFA which resulted in errors in the SEFA.

**Status of Audit Finding:** Not Corrected

**Response Comments:**

We have requested since 2023 all Grant paperwork be delivered to the Auditor's Office. We have requested all re-imbursement paperwork and or invoices also. We can track the receipts (as almost 100% of the money comes ACH). Tracking the initial paperwork and re-imbursement requests has been harder. Another email has been sent to all departments requiring them to send us all grant paperwork

***FINDING 2022-003***

**Fiscal year in which the finding initially occurred:** 2022

**Current Audit Period:** 2023

**Finding Subject:** Procurement and Suspension and Debarment

**Summary of Finding:** Deficiency in internal controls over Procurement and Suspension and Debarment which resulted in noncompliance

**Status of Audit Finding:** Not Corrected

**Response Comments:**

The contracts that we are speaking of were signed in 2021. There was no terminology for suspension or debarment noted on the contracts. We have not re-written any of these contracts to date. We do have notification, in 2024, from 2 vendors that they do take care of this, hopefully this will work going forward. All contracts going forward will include this terminology.

***FINDING 2022-004***

**Fiscal year in which the finding initially occurred:** 2022

**Current Audit Period:** 2023

**Finding Subject:** Reporting

**Summary of Finding:** Deficiency in internal controls over Reporting

**Status of Audit Finding:** Fully Corrected

**Response Comments:**

An internal control is now in place and has been corrected as of 12/31/22.

The Auditor's Office is looking for ways to make this better and easier. Our goal, of course, is to have a no fault/find audit.



***SHELLEY MAWHORTER***  
**NOBLE COUNTY AUDITOR**  
**109 N YORK ST.**  
**ALBION, IN 46701**

**CORRECTIVE ACTION PLAN**

***FINDING 2023-001***

**Finding Subject:** Financial Transactions and Reporting

**Summary of Finding:**

Lack of effective Internal Controls to detect and correct multiple errors related to the Annual Financial Report.

**Contact Person Responsible for Corrective Action:** Shelley Mawhorter, County Auditor

**Contact Phone Number and Email Address:** (260) 636-2658; shelley.mawhorter@nobleco.gov

**View of Responsible Official:**

We concur with the finding.

**Description of Corrective Action Plan:**

The Noble County Auditor's office is going to work with LOW and Associates, the county's accounting software vendor, to upload the yearly financial activity into the Indiana Gateway System. Additionally, we will implement procedures so the Annual Financial Report will be reviewed by more than one person.

**Anticipated Completion Date:**

We will have the Corrective Action Plan implemented by December 31, 2024.

***FINDING 2023-002***

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

**Summary of Finding:**

Due to the lack of effective internal controls, the Schedule of Expenditures of Federal Awards (SEFA) presented for audit included material errors.

**Contact Person Responsible for Corrective Action:** Shelley Mawhorter, County Auditor  
**Contact Phone Number and Email Address:** (260) 636-2658; shelley.mawhorter@nobleco.gov

**Views of Responsible Officials:**  
We concur with the finding.

**Description of Corrective Action Plan:**  
Noble County Auditor's office will implement effective internal controls in reference to all Federal grants to be reported in Gateway for the SEFA.

**Anticipated Completion Date:**  
We will have the Corrective Action Plan implemented by December 31, 2024.

***FINDING 2023-003***

**Finding Subject:** Suspension and Debarment  
**Summary of Finding:**

Due to the lack of effective internal controls, Suspension and Debarment requirements were not met during the audit period.

**Contact Person Responsible for Corrective Action:** Shelley Mawhorter, County Auditor  
**Contact Phone Number and Email Address:** (260) 636-2658; shelley.mawhorter@nobleco.gov

**Views of Responsible Officials:**  
We concur with the finding.

**Description of Corrective Action Plan:**  
Noble County Auditor's office will implement effective internal controls in reference to Suspension and Debarment requirements related to subawards and covered transactions to ensure that one of the three allowable methods of verifying that a vendor is not suspended or debarred is completed prior to entering into the contract or transaction.

**Anticipated Completion Date:**  
We will have the Corrective Action Plan implemented by December 31, 2024.

## OTHER REPORTS

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