

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

PUTNAM COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/26/2024

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	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-19
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	Kristina Berish	01-01-23 to 12-31-24
County Treasurer	Katherine Minnick	01-01-23 to 12-31-24
Clerk of the Circuit Court	Tracy L. Bridges	01-01-23 to 12-31-24
County Sheriff	Jerrold Baugh	01-01-23 to 12-31-24
County Recorder	Heather L. Gilbert	01-01-23 to 12-31-24
President of the Board of County Commissioners	Thomas P. Helmer David Berry	01-01-23 to 12-31-23 01-01-24 to 12-31-24
President of the County Council	Stephanie Campbell	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 PUTNAM 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 Putnam 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 12, 2024, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Putnam 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 12, 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 PUTNAM COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinions

We have audited Putnam 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 Opinions

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 2023-002 for Reporting. 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 deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002, 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 12, 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 12, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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PUTNAM 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 VanBibber Lake Conservancy District Water Improvements Project	Office of Lt. Governor	14.228	B20DC180001	\$ -	\$ 21,400
Total - Department of Housing and Urban Development				-	21,400
<u>Department of Justice</u>					
Crime Victim Assistance Victims Assistance Victims Assistance	Indiana Criminal Justice Institute	16.575	2018-V2-GX-0031 15POVC-21-GG-00625-ASSI	-	21,977 64,337
Total - Crime Victim Assistance				-	86,314
Violence Against Women Formula Grants STOP Grant	Indiana Criminal Justice Institute	16.588	STOP-2022-0061	-	20,022
Equitable Sharing Program Prosecutor Asset Forfeiture Sheriff Asset Forfeiture	Direct Grant	16.922	Prosecuting Attorney Sheriff Forfeiture	-	14,036 1,700
Total - Equitable Sharing Program				-	15,736
Total - Department of Justice				-	122,072
<u>Department of Transportation</u>					
Highway Safety Cluster National Priority Safety Programs STOP Arm Violation Enforcement	Indiana Criminal Justice Institute	20.616	CHIRP-2024-00047	-	9,872
Total - Highway Safety Cluster				-	9,872
Highway Planning and Construction Des 2200452 Des 1800245 Des 1800245 RR	Indiana Department of Transportation	20.205	DES 2200452 DES 1800245 Bridge DES 1800245 RR	-	202,456 110,319 156,195
Total - Highway Planning and Construction				-	468,970

PUTNAM 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
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Driving Under the Influence Extra Patrol	Indiana Criminal Justice Institute	20.608	CHIRP-2024-00047	-	880
Total - Department of Transportation				-	479,722
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARPA	Direct Grant	21.027	FY2022	-	1,769,747
Total - Department of the Treasury				-	1,769,747
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Health Dept Preparedness	Indiana State Department of Health	93.069	NU90TP922052	-	40,539
Substance Abuse and Mental Health Services Projects of Regional and National Significance PCEMS Training Grant	Direct Grant	93.243	1H79TI084728--01	-	18,228
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) COVID Vaccine Grant	Indiana State Department of Health	93.323	6NU50CK000395-04-05	-	5,922
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response COVID-19 Public Health Crisis	Indiana State Department of Health	93.354	NU90TP922179	-	102,939
Child Support Services	Indiana Department of Health and Human Services	93.563			
Clerk IV-D Incentive			Clerk IV-D Incentive	-	17,287
IV-D Clerk Reimbursement			Clerk Reimbursements	-	38,609
IV-D Court Reimbursement			Court Reimbursements	-	33,880
Indirect Cost			Indirect Costs	-	44,427
Prosecutor IV-D Incentive			Prosecutor IV-D Ince	-	28,524
IV-D Prosecutor Reimbursement			Prosecutor Reimbursements	-	188,751
Total - Child Support Services				-	351,478

PUTNAM 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
Foster Care Title IV-E Foster Care Title IV-E	Indiana Department of Health and Human Services	93.658	025IVEFCADM_F23	-	8,968
Opioid STR JPAR Grant	Indiana Office of Court Services	93.788	24-5JC89-C67-4	-	849
Maternal and Child Health Services Block Grant to the States Maternal & Child Health Safe Sleep	Indiana Department of Health and Human Services	93.994	B04MC30611	-	4,786
Total - Department of Health and Human Services				-	533,709
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Marine Patrol Grant	Indiana Department of Natural Resources	97.012	300LE1UA6163000	-	6,905
Emergency Management Performance Grants Emergency Management Performance Grants Emergency Management Performance Grants FY 23	Indiana Department of Homeland Security	97.042	emc-2020-ep-00001-s01 EMC-2023-EP-0006	- -	12,319 13,561
Total - Emergency Management Performance Grants				-	25,880
BRIC: Building Resilient Infrastructure and Communities BRIC Grant	Indiana Department of Homeland Security	97.047	DHS20MT0470099	-	17,000
Total - Department of Homeland Security				-	49,785
Total federal awards expended				\$ -	\$ 2,976,435

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

PUTNAM 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.

PUTNAM 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 - County Treasurer
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.

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County Treasurer did not have a proper system of internal controls in place over financial transactions and reporting to ensure accurate reporting of the Supplemental Annual Financial Report (CAR-1 report). The County Treasurer included incorrect information on the CAR-1 report provided to the County Auditor's Office. Although an oversight or review process was documented, it did not prevent, or detect and correct, errors within in the CAR-1 report.

Due to the lack of effective internal controls, the receipt, disbursement, and ending cash and investments balance amounts reported on the CAR-1 report were inaccurate. Receipts were overstated by \$43,077,828; disbursements were overstated by \$43,078,728; and the ending cash and investment balance was understated by \$900.

Adjustments were proposed, accepted by the County, and made to the financial statement and the Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis 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.

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

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 supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. . . .

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The county treasurer will reflect on the supplemental annual report as the beginning balance the previous year's ending balance. The disbursements column will be the same as the beginning balance. This has the effect of reversing out the prior year activity. The amount for receipts and ending balance is arrived at by taking the ending balance on the treasurer's daily cash sheet for the current December 31st [st] balance of taxes to be settled + total other sources. The county auditor will reflect these amounts as the beginning balance, receipt, disbursement, and ending balance on the annual report under the after settlement collections fund. This is the only fund that provides the timing difference of financial activity that has not yet been recorded in the auditor's general ledger system.

(The County Bulletin and Uniform Compliance Guidelines, January 2014)

Cause

Management of the County had not established a proper system of internal controls that would have ensured proper reporting of the financial transactions within the County Treasurer's Office on the CAR-1 report.

Effect

Without a proper system of internal controls in place, material misstatements of receipt and disbursements on the CAR-1 report remained undetected. The CAR-1 report contained the errors identified in the *Condition and Content*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): FY2022
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-006.

Condition and Context

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

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County was classified as a county with a population less than 250,000 residents that received an allocation of less than \$10 million in COVID-19 - Coronavirus State and Local Fiscal Recovery Funds award funds. As such, the County was required to submit an annual P&E report covering the period April 1, 2022 to March 31, 2023, during the audit period.

The P&E report due by April 30, 2023, was submitted timely but the report was not accurate and complete. The report did not include any project descriptions, expenditure amounts, or obligation amounts despite the County having made several awards to different entities in support of various activities within the County. Total current period expenditures for the reporting period per the County's ledger were \$5,502,689. In addition, there were nine projects, contracts, or awards exceeding \$50,000 awarded during the reporting period that were not disclosed in the report.

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). . . ."

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 P&E report was not properly researched and reviewed by the County staff prior to submission.

PUTNAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As such, the County did not properly report project descriptions and amounts expended when filing the P&E report during the audit period.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County strengthen its system of internal controls to ensure appropriate reviews, approvals, and oversight are taking place of the work completed by the consultant. We also recommended the development of policies and procedures to ensure the County provides the County Treasury with complete and accurate information for the P&E reports.

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.

AUDITOR

*Putnam County Auditor
1 West Washington Street, Room20
(765)653-5513
auditor@co.putnam.in.us
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness, Noncompliance

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 2023

Summary of Finding: SEFA report had errors on the receipts and expenditures previously submitted by the deputy that handles grants for the county. We have been creating stronger internal controls to help minimize any errors and to ensure we capture all the grants.

Status of Finding: Corrected

FINDING 2022-003

Subject: Financial Transactions and Reporting – County Auditor

Audit Finding: Material Weakness, Noncompliance

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 2023

Summary of Finding: Error on 2022 financial, the deputy who entered this section put the information in correctly for the MVH funds and had the documentation proving it was entered correctly. However, the Coroner bond was not submitted to us prior to the deadline of submitting the AFR. I unsubmitted it to upload the bond, then resubmitted it. This was the only area that I went in and made any changes to the AFR. It did not occur to me that I should need to review the entire AFR again to make sure of its accuracy.

AUDITOR

However, it was found during the audit that when I did that it took out the manual changes the deputy had made causing the financials to not balance. Since we signed off on form 13, we had a finding against our office. We had the county attorney draw up an ordinance that went to all departments stating the CAR-1 and the bonds must be submitted to the Auditor's Office by February 15th to ensure once the AFR is submitted it is final.

Status of Finding: Corrected

FINDING 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

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

Audit Findings: Material Weakness

Summary of Finding: Premium pay was given to First Responders from the ARPA funds. 8 of the 26 payroll vouchers did not have the authorization signature. The previous payroll deputy no longer works for my office. The new deputy verifies each timesheet, and voucher is signed, and the HR deputy reviews each form as a check and balance. A form is signed stating reviewed.

Status of Finding: Corrected

FINDING 2022-005

Subject: COVID 19 – Coronavirus State and Local Fiscal Recovery Funds. Suspension and Debarment

Audit Findings: Material Weakness, Noncompliance

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Summary of Finding: The county did not have a suspension and debarment agreement with the vendors who received over 25K from the grant. We were unaware of the requirement. The county attorney drew up the agreement and we reached out to the units that received the funds to get the agreements signed.

Status of Finding: Corrected

AUDITOR

FINDING 2022-006

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

Audit Findings: Material Weakness, Modified Opinion

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Summary of Finding: Rick Woodall is our point of contact regarding the grant and the reporting requirements. He made the decision to be the point of contact and responsible for the grant instead of the Auditor when we received the funding. The Commissioner filed the report due April 30, 2023. None of us knew how intense the reports would be; therefore, after getting written up by SBOA in the last audit, the Commissioners made the decision to hire an outside consultant to take over the reporting for the report due April 30, 2024. In the audit for this year, it was found that the reports submitted for 2023 and 2024 were not complete and did not include the detailed obligation and expenditure information for any contract/grants awarded to units receiving equal or greater than 50K. We have notified via email the outside consultant and looped them into the emails of the audit finding to make sure this error is corrected for the next report to be filed before April 30, 2025 covering the time frame of April 1, 2024 to March 31, 2025.

Status of Audit Finding: Not Corrected

Putnam County Treasurer

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CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Financial Transactions and Reporting - County Treasurer

Summary of Finding: Repeat Finding

This is a repeat finding from the last two prior audit reports. The previous finding numbers were 2021-003 and 2022-002. The County Treasurer did not have a proper system of internal controls in place over financial transactions and reporting to ensure accurate reporting of the Supplemental Annual Financial Report (CAR-1 report). The County Treasurer included incorrect information on the CAR-1 report provided to the County Auditor's Office. Although an oversight or review process was documented, it did not prevent, or detect and correct, errors within in the CAR-1 report.

Contact Person Responsible for Corrective Action: Kathy Minnick

Contact Phone Number and Email Address: 765-653-4501 treasurer@co.putnam.in.us

Views of Responsible Officials: We concur with the finding

Description of Corrective Action Plan: The CAR report will show the beginning cash sheet balance for the disbursements and the beginning balance. The report will show the ending cash sheet balance for the receipts and ending balance. The report will be completed by one person and signed off on by another to ensure completion & correctness.

Anticipated Completion Date: January 2025

AUDITOR

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CORRECTIVE ACTION PLAN

FINDING 2023-002

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

Summary of Finding:

The SLRF report did not include project information or amounts.

Contact Person Responsible for Corrective Action: Auditor

Contact Phone Number and Email Address: 765-653-5513, auditor@putnam.in.us

Views of Responsible Officials:

We concur with the finding

Description of Corrective Action Plan:

We have reached out to Baker Tilly, who does the reports for the County, regarding our audit finding so they know the reporting requirements that will need to be done for the next project and expenditure report which is due to be filed by April 30, 2025. Once we receive the report from Baker Tilly we will have a county employee review for accuracy of the report.

Anticipated Completion Date:

April 30, 2025

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/>.