

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Elizabeth J. Billue	01-01-23 to 12-31-24
County Treasurer	Barbara Nydegger	01-01-23 to 12-31-24
Clerk of the Circuit Court	Laura Cosgray	01-01-23 to 12-31-24
County Sheriff	William Brooks	01-01-23 to 12-31-24
County Recorder	Lori Austin	01-01-23 to 12-31-24
President of the Board of County Commissioners	Steve Burton	01-01-23 to 12-31-24
President of the County Council	Raymond L. Kramer, Jr.	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 WHITE 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 White 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 control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 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 an instance 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 2023-002.

White 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 WHITE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinions

We have audited White 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 or 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.

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)

Matter(s) 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 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.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Other Matters

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003 and 2023-004, to be material weaknesses.

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated 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.

WHITE 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
Department of Commerce					
Economic Development Cluster Economic Adjustment Assistance USDA WWTP 11.307 Wolcott	Direct Grant	11.307	FY 2023	\$ -	\$ 677,875
Total - Economic Development Cluster				-	677,875
Total - Department of Commerce				-	677,875
Department of Transportation					
Highway Safety Cluster State and Community Highway Safety CHIRP Grant 20.600 20.608 20.616	Indiana Criminal Justice Institute	20.600	77338	-	17,685
Total - Highway Safety Cluster				-	17,685
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs Airport Entitlement Obstruction Removal FY21 Road 225 S Const	Federal Aviation Administration	20.106	3-18-0057-018-2018 3-18-0057-022-2021	-	125,587 125,874
Total - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs				-	251,461
Highway Planning and Construction Bridge 237 Bridge 183 20.205 FHWA DES 1702835 Bridge 315 Bridge 89 1902807 20.205 Bridge 240 Bridge 180 Bridge Inspection	IN Department of Transportation	20.205	2101684 2101689 DES 1702835 DES 1802935 DES 1902807 DES 2003032 DES 2003033 DES 2101164	- - - - - - -	44,180 50,010 165,585 61,851 18,450 38,348 46,964 87,478
Total - Highway Planning and Construction				-	512,866
Formula Grants for Rural Areas and Tribal Transit Program Council On Aging	Indiana Department of Transportation	20.509	FY 2023	-	129,460
Total - Department of Transportation				-	911,472
Department of the Treasury					
COVID-19- Coronavirus State and Local Fiscal Recovery Funds ARP Grant Fund	Direct Grant	21.027	FY 2023	-	2,085,548
Total - Department of the Treasury				-	2,085,548

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness 93.069 PHEP Cooperative Agreement	Indiana Department of Health & Human Services	93.069	FY2023 BP4	-	16,274
Child Support Services	Indiana Department of Child Services	93.563			
General Child Support Enforcement			FY 2023	-	123,387
Child Support Clerk Incentive			FY 2023	-	6,551
Prosecutor Incentive 4D			FY 2023	-	11,532
Title 4D Incentive			FY 2023	-	13,352
Total - Child Support Services				-	154,822
Opioid STR	Indiana Supreme Court	93.788			
SIM Grant			FY 2023	-	38,933
Addictions Response Jail Navigator			FY 2023	-	15,277
Total - Opioid STR				-	54,210
Total - Department of Health and Human Services				-	225,306
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Marine Patrol Grant	Indiana Department of Natural Resources	97.012	51380	-	7,340
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG - Salaries			EMC-2022-EP-00005	-	32,828
EMA EMPG Comp Grant			EMC-2022-EP-00005	-	19,345
Total - Emergency Management Performance Grants				-	52,173
BRIC: Building Resilient Infrastructure and Communities EMA Pre-Disaster Mitigation Program	Indiana Department of Homeland Security	97.047			
			DHS-18-MT-047-000-99	-	1,457
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
EMA SHSP Mobile Security System			EMW-2022-SS-00064	-	97,100
EMA SHSP Mobile Ops Ctr			EMW-2022-SS-00064	-	107,867
Total - Homeland Security Grant Program				-	204,967
Total - Department of Homeland Security				-	265,937
Total federal awards expended				\$ -	\$ 4,166,138

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

WHITE 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.

WHITE 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 Close and Reporting
Audit Finding: Material Weakness

Repeat Finding

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the County's Annual Financial Report. The County entered the information as required; however, there were no internal controls in place that would be effective in preventing or detecting errors in the information entered. One employee prepared and entered the financial information into Gateway without a documented oversight or review process.

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. . . ."

Cause

Management of the County had not established a proper system of internal controls over the financial information entered into Gateway.

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, misstatements or irregularities could occur and remain undetected.

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County is required to file financial reports after the close of each calendar year. The reports are to be filed electronically as prescribed.

The County filed its reports as prescribed; however, the internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The County did not properly review the federal grant information prepared and submitted in Gateway. Although the County Auditor and Deputy County Auditor compiled and entered the federal award information into Gateway, and there was a review process in place, the internal control was not effective and did not detect nor allow correction of errors prior to submission.

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

- The Economic Development Cluster expenditures were overstated by \$196,515.
- Several grants had errors that resulted in misstatements of expenditures of \$276,600, in total.
- Other errors included pass-through entities and identifying numbers.

Audit adjustments totaling \$334,873 were proposed for errors, 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. . . ."

WHITE 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.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

Management of the County had not established an effective 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 - Procurement and Suspension and Debarment
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): FY 2023
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 2022-004.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Prior to entering into subawards and covered transactions with COVID-19 - Coronavirus State and Local Fiscal Recovery Funds award funds, recipients are required to verify that vendors are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

The County's procedure to ensure vendors were not suspended or debarred was to add a clause to contracts for the vendor to certify they were not suspended or debarred. A population of five covered transactions was identified. Two covered transactions, totaling \$1,710,669, were selected for testing. For both covered transactions tested, the contract utilized did not include a clause for suspension and debarment. No other procedures were performed for the two transactions, thus documentation to show that suspension and debarment was verified prior to entering into a covered transaction was not provided.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

31 CFR 19.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you 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

The County's system of internal controls as established by management did not take into account situations in which the County's contract template is not utilized or a formal contract is not required.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The County's contract template was not utilized, and, therefore, the necessary suspension and debarment clause was not included. 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 funds. Furthermore, noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County strengthen their policies and procedures to include situations when their contract template is not utilized, or when a formal contract is not necessary so as to ensure that contractors paid \$25,000 or more, all or in part with federal funds, are not suspended, debarred, or otherwise excluded prior to making payment or entering into a contract.

Views of Responsible Officials

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

FINDING 2023-004

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

Condition and Context

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

The County was classified as a county with a population below 250,000 residents that received an allocation of less than \$10 million in COVID-19 - Coronavirus State and Local Fiscal Recovery Funds. As such, the P&E report covering the period from April 1, 2022 to March 31, 2023, was required to be submitted to the Treasury by April 30, 2023.

The P&E report was submitted in April 2023, as required; however, there were no internal controls in place that would likely be effective in preventing, or detecting and correcting, noncompliance related to the P&E report. One employee prepared and submitted the report without evidence of an oversight or review process.

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The County did not implement a system of internal controls over reporting.

Effect

Without the proper implementation of an effectively designed system of internal controls, errors could occur and remain undetected. As such, the County cannot ensure that the reports submitted are materially accurate and correct.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the County design and implement a proper system of internal controls, including policies and procedures to ensure that the County provides the Treasury with complete and accurate information for the P&E report.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

Deficiencies in internal controls related to financial transactions and reporting of the annual financial statement, receipting, and adjustments.

Status of Audit Finding:

Partially corrected: financial statement portion.

Fully Corrected and the original corrective action was implemented: receipts and adjustments portion.

Response Comments:

Financial Statement Portion

The annual report entries were reviewed by at least one auditor deputy prior to submission, but inexperience by both the auditor and staff did not allow for this issue to be fully corrected and resulted in some errors in the annual report



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING: 2022-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs-Special Tests and Provisions – Wage Rate Requirements

Summary of Finding:

The County did not have a system of internal controls in place to prevent or detect noncompliance with wage rate requirements for airport federal programs.

Status of Audit Finding:

Fully Corrected and the original corrective action was implemented.

Response Comments:

The County established controls to ensure compliance with this requirement. The auditor met with the White County Airport Board and their federal grant administrator, CHA, to request that wage reports are provided to the auditor for federal grant funded projects. CHA agreed to provide regular reports to the airport board and the auditor for review during any future federal grant funded labor projects at the airport. There have been no further projects since 2022, but projects are anticipated in 2025 or 2026.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING: 2022-003

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: COVID-19 Funds reporting and period of performance

Summary of Finding:

Reporting: The P&E report was prepared and submitted by a single employee without review or oversight process in place to prevent or detect and correct errors.

Period of Performance: Adjustments were posted to ARP Fund (SLFRF fund) without a process in place to prevent, or detect and correct, errors.

Status of Audit Finding:

Partially Corrected: reporting portion

Fully Corrected and the original corrective action was implemented: period of performance portion.

Response Comments:

Reporting Portion

The planned corrective action should have been followed, but the Auditor did not remember to make this correction and prepared and submitted the report without oversight. A calendar note has been entered to remind the Auditor to have a second staff member review the report and its contents prior to submission.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING: 2022-004

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: COVID-19 Funds Suspension and Debarment

Summary of Finding:

The county did not have a system of internal controls that ensured that policies and procedures were in place related to suspension and debarment.

Status of Audit Finding:

Partially corrected:

Response Comments:

The county prepared and approved an Ordinance Establishing a Grant Management Process for White County. The county attorney prepares all contracts and agreements and has agreed to include a statement acknowledging that parties are not debarred, suspended or otherwise excluded or ineligible for participation in Federal assistance programs or activities, however this control was not effective for all vendors

I believe that an amendment to the county grant management ordinance and/or the county contract signatory ordinance will be a better procedure to ensure that this is included in all contracts, even with transition to a new county attorney.



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CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Internal Controls

Summary of Finding: Material Weakness – There were deficiencies in the internal control system of the County related to financial transactions and reporting.

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number and Email Address: 574-583-1515

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: Financial transactions, including receipts, are reviewed for accuracy upon completion by a second auditor staff person. Additionally, a cover sheet for reports such as the Annual Financial Report has been created for use which clearly details who has reviewed the report prior to submission.

Anticipated Completion Date:

This plan will be implemented by 12/31/24.



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CORRECTIVE ACTION PLAN

FINDING 2023-002

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

Summary of Finding: Material Weakness, Noncompliance – The internal controls set in place were not effective and did not detect nor allow correction of errors prior to submission of the SEFA.

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number and Email Address: 574-583-1515 libby.billue@whitecounty.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: Future SEFA reporting will be completed in tandem with another deputy auditor. A checklist to remind us of all funds, accounts, and other required information to be included in the report will be created for use during the next SEFA reporting period.

Anticipated Completion Date:

This plan will be implemented by 12/31/24.



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CORRECTIVE ACTION PLAN

FINDING 2023-003

Finding Subject: COVID 19 Coronavirus Stat and Local Fiscal Recover Funds – Procurement and Suspension and Debarment

Summary of Finding: Material Weakness, Modified Opinion – Subawards and covered transactions for federally provided award funds are required to verify that vendors are not suspended, debarred, or otherwise excluded. Two contracts using SLFRF funds were found to have not included a clause to certify that they were not suspended or debarred.

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number and Email Address: 574-583-1515 libby.billue@whitecounty.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: The Auditor has met with the County Attorney to put a plan in place to make sure that this clause is included in all federally funded projects at a minimum. If the clause is not included within the contract presented for approval, the County will require that a signed statement certifying that the vendor is not suspended or debarred be attached to the contract.

Anticipated Completion Date:

This plan will be implemented by 12/31/24.



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CORRECTIVE ACTION PLAN

FINDING 2023-004

Finding Subject: COVID 19 Coronavirus State and Local Fiscal Recover Funds – Reporting Federal Agency: Department of the Treasury

Summary of Finding: Material Weakness – The P&E report submitted in April 2023 was prepared and submitted by one employee without evidence of an oversight or review process to ensure accuracy.

Contact Person Responsible for Corrective Action: Elizabeth J Billue

Contact Phone Number and Email Address: 574-583-1515 libby.billue@whitecounty.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: All annual reporting will be reviewed as previously planned, prior to submission. However, a coversheet has also been created and will be completed for all future annual reporting has been created for use. The form includes documentation of the preparer, reviewer, and date of submission. This information will be kept in files within the Auditor's office.

Anticipated Completion Date:

This plan will be implemented by April of 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/>.