

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HENDRICKS COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED
12/13/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| County Auditor | Cinda Kattau Nancy L. Marsh | 01-01-13 to 12-31-16 01-01-17 to 12-31-20 |
| County Treasurer | Nancy L. Marsh Shawn Shelley | 01-01-13 to 12-31-16 01-01-17 to 12-31-20 |
| Clerk of the Circuit Court | Debbie Hoskins | 01-01-13 to 12-31-20 |
| County Sheriff | Brett Clark | 01-01-15 to 12-31-18 |
| County Recorder | Theresa D. Lynch | 01-01-15 to 12-31-18 |
| President of the Board of County Commissioners | Robert L. Gentry Matthew D. Whetstone | 01-01-16 to 12-31-16 01-01-17 to 12-31-17 |
| President of the County Council | Jay R. Puckett Eric Wathen | 01-01-16 to 12-31-16 01-01-17 to 12-31-17 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF HENDRICKS COUNTY, INDIANA

This report is supplemental to our audit report of Hendricks County (County), for the period from January 1, 2016 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa.

The Federal Finding, identified in the above referenced audit report, are included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

November 28, 2017

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COUNTY AUDITOR
HENDRICKS COUNTY

COUNTY AUDITOR
HENDRICKS COUNTY
FEDERAL FINDING

FINDING 2016-001

Subject: Formula Grants for Rural Areas - Suspension and Debarment

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): INDOT #18033430, INDOT #1803343C

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

The County passed through the federal program funds to a subrecipient. The County had not designed or implemented adequate internal control policies and procedures to ensure that the subrecipient was not suspended or debarred.

Context

The County acted as a fiscal agent for the grant. All grant monies were passed through to the subrecipient. There were six instances in which monies were passed through. The total dollar amount passed through during the audit period was \$733,935.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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). . . ."

COUNTY AUDITOR
HENDRICKS COUNTY
FEDERAL FINDINGS
(Continued)

2 CFR 180.300 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 SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls that would have ensured that the County complied with the Suspension and Debarment requirements for monies passed to the subrecipient.

Effect

The failure to establish an effective internal control system placed the County at risk of allowing misuse of federal funds and allowed noncompliance with the Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County establish controls over and comply with the grant agreement and the Suspension and Debarment compliance requirement.

Views of Responsible Officials

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



Hendricks County Auditor

Nancy L. Marsh
355 S Washington St #202
Danville, IN 46122-1759
317-745-9300
(Fax) 317-745-9389

November 15, 2017

Finding 2016-001

Formula Grants for Rural Areas – Suspension and Debarment

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number 20.509

Federal Award Number and Year: 1803343O, 1803343C

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Suspension and Debarment

Audit Finding: Material Weakness

Contact Person Responsible for Corrective Action: Nancy L. Marsh, Auditor

Contact Phone Number: 317-745-9315

Hendricks County, in its role as fiscal agent for the grant, passed through the federal program funds to a sub recipient. I, Nancy L. Marsh, Auditor, concur with the finding and have completed the corrective action plan, effective November 15, 2017. I have put in place the following internal control policies and procedures to ensure that the sub recipient is not suspended or debarred.

- Search the EPLS/SAM System
(Excluded Parties List System/System for Award Management)
- Require an attestation or certification from the Principals of the entity receiving Federal Funds
- Insert a clause into the contract or memorandum of understanding between the County and the principal (Sycamore Services)

Sincerely,

Nancy L. Marsh

Nancy L. Marsh, Auditor

COUNTY AUDITOR
HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 28, 2017, with Nancy L. Marsh, County Auditor; Cinda Kattau, former County Auditor; Mathew D. Whetstone, President of the Board of County Commissioners; Eric Wathen, President of the County Council; and Tamela D. Mitchell, Financial Administrator.