

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

FEDERAL SINGLE AUDIT REPORT

OF

ALLEN COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
09/27/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tera K. Klutz Nicholas D. Jordan	01-01-15 to 01-18-17 01-19-17 to 12-31-18
County Treasurer	William F. Royce	01-01-17 to 12-31-20
Clerk of the Circuit Court	Lisbeth A. Borgmann	01-01-15 to 12-31-18
County Sheriff	David J. Gladieux	01-01-15 to 12-31-18
County Recorder	Anita A. Mather	01-01-15 to 12-31-18
Circuit Court Judge	Honorable Thomas J. Felts	01-01-15 to 12-31-20
Superior Court Judge	Honorable Daniel G. Heath	01-01-15 to 01-31-20
President of the Board of County Commissioners	Therese M. Brown	01-01-17 to 12-31-18
President of the County Council	Larry L. Brown Joel M. Benz	01-01-17 to 12-31-17 01-01-18 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF ALLEN 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 statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County (County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 28, 2018. The opinion on the aggregate discretely presented component units was qualified because two discretely presented component units were not properly included in the County's financial statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

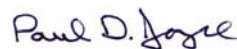
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

August 28, 2018



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 ALLEN COUNTY, INDIANA

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

We have audited Allen 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 each of its major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on Equitable Sharing Program***

As described in items 2017-001 and 2017-002 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Suspension and Debarment and Special Test and Provisions - Wage Rate Requirements that are applicable to its Equitable Sharing Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

***Qualified Opinion on Equitable Sharing Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Equitable Sharing Program* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Equitable Sharing Program for the year ended December 31, 2017.

***Unmodified Opinion on the Other Major Federal Programs***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2017.

**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

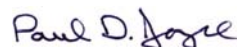
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

We have audited the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise County's basic financial statements. We issued our report thereon dated August 28, 2018, which contained unmodified opinions on those financial statements except for the aggregate discretely presented component units, for which the opinion was qualified. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.

  
Paul D. Joyce, CPA  
State Examiner

August 28, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

ALLEN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast			FY 2017	\$ -	\$ 47,505
National School Lunch Program		10.555			
School Lunch			FY 2017	-	74,458
School Snack			FY 2017	-	15,375
Commodities			FY 2017	-	12,023
Total - Child Nutrition Cluster				-	149,361
Total - Department of Agriculture				-	149,361
<u>Department of Justice</u>					
Equitable Sharing Program	Direct Grant	16.922			
Asset Seizure - Sheriff			FY 2017	10,000	542,099
Asset Seizure - Prosecutor			FY 2017	-	8,317
Total - Equitable Sharing Program				10,000	550,416
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Victims of Crime			D3-17-11386	-	50,233
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
Domestic Violence			D3-17-11331	-	25,587
Edward Byrne Memorial Justice Assistance Grant Program		16.738			
JAG Program	Indiana Criminal Justice Institute		D3-17-11647	-	19,884
JAG in car video equipment	City of Fort Wayne		2016-DJ-BX-0806	-	60,190
Total - Edward Byrne Memorial Justice Assistance Grant Program				-	80,074
Total - Department of Justice				-	706,310
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
NIRCC			17805329 FY 2017	-	690,722
NIRCC			17802816 FY 2017	-	31,970
NIRCC			17802586 FY 2017	-	1,125
NIRCC			17816850 FY 2017	-	13,375
NIRCC			18801291 FY 2017	-	112,119
NIRCC			18803423 FY 2017	-	29,737
Preliminary Engineering			Des. 400582	-	52,969
Construction Engineering			Des. 400583	-	984
Construction Engineering			Des. 400584	-	348,270
Preliminary Engineering			Des. 400584	-	11,411
Project final close out			Des. 400586	-	4,970
Construction Engineering			Des. 710075	-	64
Construction Engineering			Des. 710077	-	46
Final Project close out			Des. 9902042	-	86,334
Preliminary Engineering			Des. 1297238	-	9,759
Right of Way			Des. 1297238	-	165,040
Construction Engineering			Des. 1297238	-	2,538
Preliminary Engineering			Des. 1382100	-	67,147
Right of Way			Des. 1382492	-	425,506
Construction Engineering			Des. 1382493	-	302,982
Preliminary Engineering			Des. 1382497	-	41,822
Right of Way			Des. 1382497	-	50,982
Preliminary Engineering			Des. 1382818	-	64,490
Right of Way			Des. 1382818	-	24,773
Final Project close out			Des. 1383241	-	600,000
Total - Highway Planning and Construction Cluster				-	3,139,135

ALLEN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Highway Safety Cluster State and Community Highway Safety	City of Fort Wayne	20.600	D3-18-11876	-	7,013
Alcohol Impaired Driving Countermeasures Incentive Grants I		20.601	D3-17-11165 D3-18-12042	- -	15,254 7,228
Total - Alcohol Impaired Driving Countermeasures Incentive Grants I				-	22,482
Total Highway Safety Cluster				-	29,495
Total - Department of Transportation				-	3,168,630
<u>Environmental Protection Agency</u> State Indoor Radon Grants	Indiana State Department of Health	66.032	A70-5-154012	-	3,000
Total - Environmental Protection Agency				-	3,000
<u>Department of Health and Human Services</u> Immunization Cooperative Agreements	Indiana State Department of Health	93.268	A70-5-073158	-	9,171
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	Indiana State Department of Health	93.539	H23IP000723	-	107,502
Child Support Enforcement Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2017	-	2,585,039
Refugee and Entrant Assistance Targeted Assistance Grants Refugee Health Screens Refugee Health Screens	Indiana Family and Social Services Administration	93.566	A70-5-106111 PO 18528589	- -	10,801 2,147
Total Refugee and Entrant Assistance Targeted Assistance Grants				-	12,948
State Court Improvement Program Court Improvement	Indiana Supreme Court	93.586	CIP-2016BD	-	12,220
HIV Prevention Activities_Health Department Based HIV/AIDS Program Syringe Service Program	Indiana State Department of Health	93.940	PO 16535787 PO 17548676	- -	29,580 17,461
Total - HIV Prevention Activities_Health Department Based				-	47,041
Total - Department of Health and Human Services				-	2,773,921
<u>Department of Homeland Security</u> Emergency Management Performance Grants Emergency Management Salary	Indiana Department of Homeland Security	97.042	EMC-2016-EP-00006-S01	-	101,077
Total - Department of Homeland Security				-	101,077
Total federal awards expended				\$ 10,000	\$ 6,902,299

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

ALLEN COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. 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, 2017. 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*. 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.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the accrual 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ALLEN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statements:

Type of auditor's report issued:	Unmodified for all opinion units except the aggregate discretely presented component units, which was qualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
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 Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
16.922	Equitable Sharing Program	Qualified
93.563	Child Support Enforcement	Unmodified

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

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

No matters are reportable.

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

**FINDING 2017-001**

Subject: Equitable Sharing Program - Special Tests and Provisions - Wage Rate Requirements  
 Federal Agency: Department of Justice  
 Federal Program: Equitable Sharing Program  
 CFDA Number: 16.922  
 Federal Award Number and Year (or Other Identifying Number): FY 2017  
 Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements  
 Audit Findings: Material Weakness, Modified Opinion

ALLEN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Repeat Finding*

This is a repeat of Finding 2016-003 from the immediately prior audit.

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

On August 5, 2016, the County contracted with a construction company to construct a training facility for the County Sheriff's Department. The construction of the training facility was funded through Equitable Sharing Program funds. The contract continued through March 2017. The County did not request or receive certified payrolls from the construction company to determine if prevailing wages were being properly paid.

*Context*

No certified payrolls from the construction company were received for any of the weeks during which construction was performed. The lack of controls and noncompliance related to the Special Tests and Provisions - Wage Rate Requirements compliance requirement were systemic issues.

*Criteria*

2 CFR 200.326 states: "The non-Federal entity's contract must contain the applicable provisions described in Appendix II to Part 200-Contract Provisions for non-Federal Entity Contracts Under Federal Awards."

2 CFR Appendix II to Part 200(D) states in part:

"Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, 'Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction'). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. . . ."

29 CFR 5.5(a)(3)(ii)(A) states in part:

"The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), . . ."

ALLEN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR section 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 and the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls relating to the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in a loss of federal funds to the County.

*Questioned costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls, including segregation of duties, to ensure compliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Equitable Sharing Program - Suspension and Debarment  
Federal Agency: Department of Justice  
Federal Program: Equitable Sharing Program  
CFDA Number: 16.922  
Federal Award Number and Year (or Other Identifying Number): FY 2017  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat of Finding 2016-002 from the immediately prior audit.

ALLEN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Suspension and Debarment compliance requirement.

On April 18, 2017, the County contracted for modular container units for the Training Facility for the County Sheriff's Department. The County did not verify that the vendor was not suspended or debarred.

*Context*

The lack of controls and noncompliance related to the Suspension and Debarment compliance requirement were systemic issues during the audit period.

*Criteria*

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."

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 and the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls relating to the grant agreement and the Suspension and Debarment compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in a loss of federal funds to the County.

ALLEN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls, including segregation of duties, to ensure compliance with the grant agreement and the Suspension and Debarment compliance requirement.

*View of Responsible Officials*

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

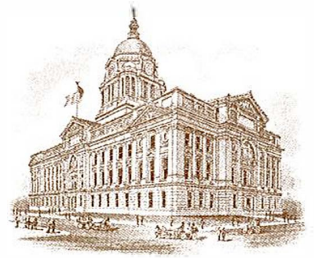
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#### AUDITEE-PREPARED DOCUMENTS

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



Allen County Sheriff's Department  
**David J. Gladieux**  
Sheriff



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2016-001 Equitable Sharing Program - Reporting**

Fiscal year in which the finding initially occurred: 2016  
Direct Grant - Department of Justice  
Contact Person Responsible for Corrective Action: Angela Terry  
Contact Phone Number: 260-449-4535

Status of Audit Finding:

This Department has been in contact with the Department of Justice since the end of the FY2016 Audit and has revised previous certification forms in order to correct errors made in reporting initial balances. Corrective action is still ongoing as we are in the process of finalizing these corrections.

Contact was made by Angela Terry to Jackie Scheuman in the Allen County Auditor's Office to confirm the correct beginning and ending balances. Presently, certification for FY 2017 has not been completed, as the Department of Justice has asked this department not to file anything until previous issues are resolved. Currently this agency is not in compliance with the Equitable Sharing program.

Written policy was established for this department and is attached.

**FINDING 2016-002 Equitable Sharing Program – Procurement and Suspension and Debarment**

Fiscal year in which the finding initially occurred: 2016  
Direct Grant - Department of Justice  
Contact Person Responsible for Corrective Action: Angela Terry  
Contact Phone Number: 260-449-4535

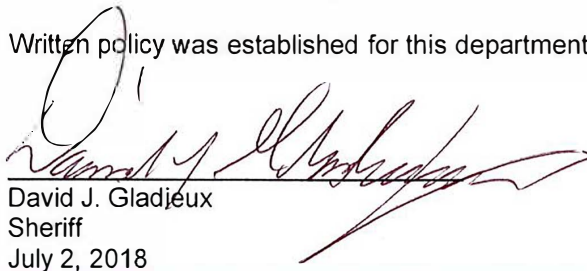
Status of Audit Finding:

After reviewing findings with Ms. Ross, this department acknowledges that the required procedures were not followed before administering capital improvements to the Department's training facility according to the Equitable Sharing Guide issued by the Department of Justice.

This oversight was brought to the attention of the Department during the State Board of Accounts FY 2016 Audit, and at that time, Angela Terry contacted the Department of Justice to request approval for the training center expansion. Approval was given. This action has been corrected and implemented for a planned Law Enforcement K9 Facility.

This was corrected August 15, 2017. Future Capital Improvement Requests will be submitted prior to Department commitment to purchase, lease, construct, or expand law enforcement or detention facilities.

Written policy was established for this department and is attached.

  
David J. Gladieux  
Sheriff  
July 2, 2018

# ALLEN COUNTY SHERIFF'S DEPARTMENT

<b>Effective Date:</b>		<b>Number:</b>
October 1, 2017		FED-001
<b>Subject:</b>		
Federal Equitable Sharing – ESAC Preparation		
<b>Reference:</b>		<b>Special Instructions:</b>
		Due Annually February 28
<b>Distribution:</b>	<b>Last Reviewed Date:</b>	<b>No. Pages</b>
Sheriff, Comptroller, Vice	March 13, 2018	1

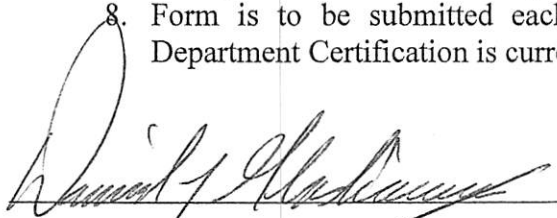
## I. PURPOSE

The purpose of this policy is to follow state and federal guidelines in the implementation and completion of the Equitable Sharing Agreement and Certification Report. It is our agency's responsibility to complete this certification in accordance with the U.S. Department of Justice's Guide to Equitable Sharing for the State and Local Law Enforcement Agencies.

This policy covers the requirements for review and approval of the annually submitted ESAC form.

## II. PROCEDURE

1. Form Preparer (Comptroller) will contact Allen County Auditor's Office to confirm beginning and ending balance of Fund 206.
2. Form Preparer will request Fund 206 ledger from Auditor's Office to directly pull information from for amounts of purchases, transfers, interest, etc., to go onto the ESAC form.
3. ESAC form is to be completed with relevant information.
4. ESAC form information is confirmed accurate by Supervising Lieutenant in Vice.
5. ESAC form is reviewed and signed by Sheriff.
6. ESAC form is reviewed by Auditor.
7. Changes are made as necessary.
8. Form is to be submitted each year by February 28 in order to ensure Department Certification is current.



David J. Gladieux  
Sheriff of Allen County

# ALLEN COUNTY SHERIFF'S DEPARTMENT

<b>Effective Date:</b>		<b>Number:</b>
October 1, 2017		FED-002
<b>Subject:</b>		
Federal Equitable Sharing – Suspension and Debarment		
<b>Reference:</b>		<b>Special Instructions:</b>
<b>Distribution:</b>	<b>Last Reviewed Date:</b>	<b>No. Pages</b>
Sheriff, Comptroller, Vice	March 13, 2018	1

**I. PURPOSE**

The purpose of this policy is to follow state and federal guidelines in the implementation of the Department of Justice’s Equitable Sharing Program. It is our agency’s responsibility to complete this certification requirement in accordance with the U.S. Department of Justice’s Guide to Equitable Sharing for the State and Local Law Enforcement Agencies.

This policy covers the requirements for review and approval of vendors receiving \$25,000 or more in Federal funds. Approval must be made before signing the award or contract.

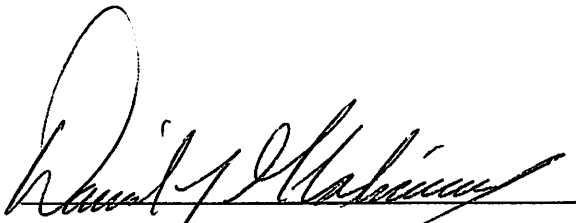
**II. PROCEDURE**

To check vendors, go to the System for Award Management ([www.sam.gov](http://www.sam.gov)).

Click “Search Records”. Search the name of any prospective vendor that will potentially receive \$25,000 or more of federal grant money for work completed.

Print findings of Suspension or Debarment.

Obtain signatures from Sheriff and Chief Deputy certifying their acknowledgement of entity standing.



David J. Gladieux  
Sheriff of Allen County

# ALLEN COUNTY SHERIFF'S DEPARTMENT

<b>Effective Date:</b>		<b>Number:</b>
October 1, 2017		FED-003
<b>Subject:</b>		
Federal Equitable Sharing – Procurement		
<b>Reference:</b>		<b>Special Instructions:</b>
<b>Distribution:</b>		<b>Last Reviewed Date:</b>
Sheriff, Comptroller, Vice	March 13, 2018	<b>No. Pages</b>
		1

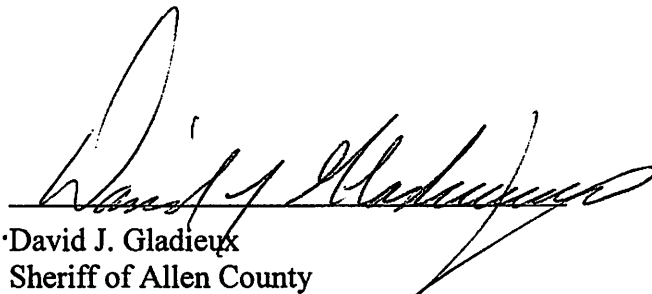
**I. PURPOSE**

The purpose of this policy is to follow state and federal guidelines in the implementation of the Department of Justice's Equitable Sharing Program. It is our agency's responsibility to complete this certification requirement in accordance with the U.S. Department of Justice's Guide to Equitable Sharing for the State and Local Law Enforcement Agencies.

This policy covers the requirements for review and approval of capital improvement projects by the USDOJ.

**II. PROCEDURE**

Email the department's DOJ representative with a short summary of planned capital improvement. Specify what is planned, how much the estimated expenditure is from federal funds, and a brief description of what it will be used for. Also include who owns the property that the improvement is to made on.



David J. Gladieux  
Sheriff of Allen County



**ALLEN COUNTY DEPARTMENT  
OF PUBLIC PURCHASE**

**Dawn Rose, Director**

**Citizens Square  
200 E. Berry St., Suite 495  
Fort Wayne, IN 46802**

**Phone: (260)449-7567  
Fax: (260)449-8978  
[www.co.allen.in.us/purchasing](http://www.co.allen.in.us/purchasing)**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2016-002

Fiscal year in which the finding initially occurred: 2016

Direct Grant from the Department of Justice

Contact person responsible for corrective action: Dawn Rose

Contact phone number: 260-449-7222

Status of Audit Finding:

Since the audit of 2016, the purchasing department has not been involved in a construction project equal to or exceeding \$25,000 and funded through the Equitable Sharing Program in 2017.

The Board of Commissioners of the County of Allen now has a process in place that insures that prior to awarding a construction project we have determined the contractor has not been debarred or suspended therefor ensuring compliance with requirements related to the grant agreement and the Procurement, Suspension, and Debarment requirements. After bid opening the purchasing department administrative assistant will search SAM to confirm whether or not the contactor has any Active Exclusion Records. The purchasing director and administrative assistant will, by signature affirm the process has been followed.

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(Signature)

Purchasing Director

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(Title)

07/26/2018

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(Date)



**ALLEN COUNTY DEPARTMENT  
OF PUBLIC PURCHASE**

**Dawn Rose, Director**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2016-003

Fiscal year in which the finding initially occurred: 2016

Direct Grant from the Department of Justice

Contact person responsible for corrective action: Dawn Rose

Contact phone number: 260-449-7222

Status of Audit Finding:

Since the audit of 2016, the purchasing department has not been involved in a construction project equal to or exceeding \$25,000 and funded through the Equitable Sharing Program in 2017.

The Board of Commissioners of the County of Allen now has a process in place for implementation, review and document control relating to the Davis Bacon Act. Once it has been determined that a construction project equal to or exceeding \$25,000 is being funded through the Equitable Sharing Program, the sheriff's department will contract with NIRCC who will perform all duties required under the Davis Bacon Act including but not limited to auditing weekly certified payroll records as well as verification procedures in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions- Wage Rate Requirements.

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(Signature)

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Purchasing Director

(Title)

---

7/26/2018

(Date)



**ALLEN COUNTY DEPARTMENT  
OF PUBLIC PURCHASE**

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Corrective Action Plan  
Finding 2017-001

July 25, 2018

Contact person responsible for the corrective action: Dawn Rose  
Contact Phone Number: 260-449-7222

Views of Responsible Official: Allen County Department of Public Purchase concurs with the finding and proposes this corrective action plan.

Subject: Equitable Sharing Program – Compliance with Special Tests and Provisions – Wage Rate Requirements

Description of Corrective Action Plan:

The Board of Commissioners of the County of Allen will create a procedure for implementation, review and document control for the Davis-Bacon Act; related to certified payroll review and verification procedures. This procedure will identify the roles of the individuals responsible for completing the tasks.

Anticipated Completion Date:

It is anticipated that the creation and implementation of this procedure will require several meetings in order to involve legal counsel for Allen County Sheriff's Department, the sheriff's internal staff designee responsible for compliance of the Equitable Sharing Program, Allen County's attorney, Allen County purchasing director, a NIRCC representative and the Board of Commissioners' legal liaison.

The target date will be January 2, 2018.



**ALLEN COUNTY DEPARTMENT  
OF PUBLIC PURCHASE**

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Corrective Action Plan  
Finding 2017-002

July 25, 2018

Contact person responsible for the corrective action: Dawn Rose  
Contact Phone Number: 260-449-7222

Views of Responsible Official: Allen County Department of Public Purchase concurs with the finding and proposes this corrective action plan.

Subject: Equitable Sharing Program – Suspension and Debarment

Description of Corrective Action Plan:

In order for the Board of Commissioners of the County of Allen to award a contract for a public works project expected to equal or exceed \$25,000, and funded through the Equitable Sharing Program, a search of the System of Award Manager Center website will take place confirming Contractor is not excluded or disqualified per established requirements for Procurement, Suspension, and Debarment.

Allen County Department of Public Purchase will be responsible for verification involving federally funded public works projects utilizing the Equitable Sharing Program funds.

Specific verbiage will be added to bid specification documents informing bidders of this compliance requirement.

Anticipated Completion Date:

It is anticipated that the creation and implementation of this procedure will begin as soon as possible but no later than January 2, 2018.

#### 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/>.