

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED

10/31/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gayle E. Rogers	01-01-15 to 12-31-18
County Treasurer	Jill Guingrich	01-01-17 to 12-31-20
Clerk of the Circuit Court	Paula L. Lantz	01-01-15 to 12-31-18
County Sheriff	Patrick Shafer	01-01-15 to 12-31-18
County Recorder	Bruce Lambert	01-01-15 to 12-31-18
President of the Board of County Commissioners	John Heimlich	01-01-17 to 12-31-18
President of the County Council	Raymond L. Kramer Jr.	01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF WHITE COUNTY, INDIANA

This report is supplemental to our audit report of White County (County), for the period from January 1, 2017 to December 31, 2017. 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 Findings, identified in the above referenced audit report, are included in this report.

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

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

September 20, 2018

COUNTY AUDITOR
WHITE COUNTY

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat of finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting. There was a lack of adequate segregation of duties, as the County had not separated incompatible activities related to receipts and reporting of the financial transactions and of federal program expenditures.

Receipts - Treasurer

The County had not designed or implemented proper segregation of duties related to receipts. Separate employees prepared the deposits and took them to the bank; however, written documentation to verify the segregation of these procedures was not provided. Additionally, one employee completed a final review of the daily collections compared to the collections recorded in the County Treasurer's Funds Ledger; however, written documentation of the review was not provided.

Receipts - Clerk of the Circuit Court

The Clerk of the Circuit Court had not designed or implemented proper segregation of duties related to receipts. Separate employees prepared the deposits and took them to the bank; however, written documentation to verify the segregation of these procedures was not provided.

Reporting of Financial Transactions

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the financial statement. The lack of effective controls allowed errors on the financial statement as follows:

1. The General fund receipts and disbursements were overstated by \$16,245,335 because bank transfers were included in the financial statement.
2. The Treasurer's After Settlement Collection fund receipts and ending cash and investment balance were understated by \$563,214. The Treasurer's After Settlement Collection fund disbursements and cash and investment beginning balance were understated by \$45,975.
3. The Innkeepers Tax Lake Enhance fund receipts and disbursements were overstated by \$500,000 and \$400,000, respectively, because investment sales and purchases were included in the financial statement.

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS
(Continued)

Reporting of Federal Program Expenditures

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). There were not adequate controls in place, such as oversight, review, or approval process, to ensure the accuracy of the information that was entered into the Indiana Gateway for Government Units financial system.

Context

The lack of controls and noncompliance regarding the financial statement were systemic issues throughout the audit period.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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](#)."

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS
(Continued)

Cause

Management of the County had not established a proper system of internal controls

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County establish and properly document a system of internal controls, including segregation of duties, related to financial transactions and reporting.

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: Airport Improvement Program - Internal Controls

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): AIP 3-18-0057-017-2016,
AIP 3-18-0057-016-2015,
AIP 3-18-0057-1514

Compliance Requirements: Cash Management; Matching, Level of Effort, Earmarking;
Procurement and Suspension and Debarment; and Special
Tests and Provisions - Wage Rate Requirements

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

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 compliance requirements listed above.

Cash Management

The County had not designed or implemented adequate internal controls to ensure that there was minimal time elapsing between the transfer of funds from the U.S. Department of the Treasury and the disbursement to the appropriate vendor.

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS
(Continued)

Matching, Level of Effort, and Earmarking

The County had not designed or implemented adequate internal controls to ensure that the County's local match of 5 percent had been met.

Suspension and Debarment

The County had not designed or implemented adequate internal controls to ensure that all vendors had not been suspended or debarred or otherwise excluded from participation in federal assistance programs. The County hired an engineering firm to oversee the requirements with suspension and debarment without proper oversight or review.

Special Tests and Provisions - Wage Rate Requirement

The County had not designed or implemented adequate internal controls to ensure that the prevailing wage rates were paid by the contractors or subcontractors of the projects. The County hired an engineering firm to oversee compliance with the wage rate requirements without proper oversight or review.

Context

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

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 program . . ."

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's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Airport Improvement Program - Reporting

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): AIP 3-18-0057-017-2016,
AIP 3-18-0057-016-2015,
AIP-3-18-0057-1514

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-003.

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 Reporting compliance requirement.

The County had not designed or implemented adequate internal controls to ensure that the Federal Financial Report was accurate.

The Federal Financial Report for AIP 1615 was to include disbursements through September 30, 2017. The cash disbursements were underreported and cash on hand was over reported by \$263,981.

Context

The lack of controls and noncompliance were systemic issues during the audit period for the Federal Financial Reports.

COUNTY AUDITOR
WHITE COUNTY
FEDERAL FINDINGS
(Continued)

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 program . . ."

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). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following: . . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in § 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the reporting requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the reporting requirements could have resulted in the 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 related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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



Gayle E. Rogers
White County Auditor
110 N Main St., PO Box 260, Monticello, IN 47960
Ph: 574-583-5761 Fax: 574-583-2884 grogers@whitecountyindiana.us

CORRECTIVE ACTION PLAN

FINDING 2017-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Gayle Rogers
Contact Phone Number: 574-583-1515

FINANCIAL

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

1. This is the way in which our software program handled settlement bank transfers during our transition to new financial software. This situation will correct itself with our new software. This finding occurred two consecutive years because of simultaneous auditing of two years resulting in no time to correct.

Anticipated Completion Date:

December 31, 2018

2. This error has corrected itself with our new software transition. Our Treasurer and Auditor both understand the number to be reported here.

Anticipated Completion Date:

December 31, 2018

3. This is the way in which our software program handled investment reporting during our transition to new financial software. We transitioned to new software that handles investments outside the general fund for accurate reporting. The conversion to our new software prevents this from reoccurring. This finding occurred two consecutive years because of simultaneous auditing of two years resulting in no time to correct.

Anticipated Completion Date:

December 31, 2018

SEFA

The County does have an internal control policy in place for reviewing the SEFA, we lacked a final step of signing off on the review as proof that it was completed. In the future we will be sure to document our review. This finding occurred two consecutive years because of simultaneous auditing of two years resulting in no time to correct

Anticipated Completion Date:

December 31, 2018

Gayle E. Rogers
(Signature)

Auditor
(Title)

9/20/18
(Date)



Gayle E. Rogers
White County Auditor
110 N Main St., PO Box 260, Monticello, IN 47960
Ph: 574-583-5761 Fax: 574-583-2884 grogers@whitecountyindiana.us

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Gayle Rogers
Contact Phone Number: 574-583-1515

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

We thought we had an adequate internal control system in place, however we found that it was not good enough. The County Auditor and WCBOAC Staff were not in close enough contact to ensure policy was being followed. The County Auditor and WCBOAC Staff are now better apprised of the requirements and will work together to establish internal controls to prevent the occurrence of this inadequacy. This finding occurred two consecutive years because of simultaneous auditing of two years resulting in no time to correct.

Anticipated Completion Date:

December 31, 2018

Gayle E. Rogers
(Signature)

AUDITOR
(Title)

9/20/18
(Date)



Gayle E. Rogers
White County Auditor
110 N Main St., PO Box 260, Monticello, IN 47960
Ph: 574-583-5761 Fax: 574-583-2884 grogers@whitecountyindiana.us

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Gayle Rogers

Contact Phone Number: 574-583-1515

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

The County Auditor and WCBOAC Staff were not in close enough contact to ensure the grant administrator's work was being properly reviewed. Each thought the other was doing so. The County Auditor and WCBOAC Staff will work together to establish controls to prevent any repeat occurrence of this inadequacy.

Anticipated Completion Date:

December 31, 2018

Gayle E. Rogers
(Signature)

Auditor
(Title)

9/20/18
(Date)

COUNTY AUDITOR
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2018, with Gayle E. Rogers, County Auditor; John Heimlich, President of the Board of County Commissioners; Raymond L. Kramer, Jr., President of the County Council; David A. Diener, County Commissioners member; Dennis E. Carter, County Council member; and Art Anderson, County Council member.

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COUNTY TREASURER
WHITE COUNTY

COUNTY TREASURER
WHITE COUNTY
FEDERAL FINDING

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat of finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting. There was a lack of adequate segregation of duties, as the County had not separated incompatible activities related to receipts and reporting of the financial transactions and of federal program expenditures.

Receipts - Treasurer

The County had not designed or implemented proper segregation of duties related to receipts. Separate employees prepared the deposits and took them to the bank; however, written documentation to verify the segregation of these procedures was not provided. Additionally, one employee completed a final review of the daily collections compared to the collections recorded in the County Treasurer's Funds Ledger; however, written documentation of the review was not provided.

Receipts - Clerk of the Circuit Court

The Clerk of the Circuit Court had not designed or implemented proper segregation of duties related to receipts. Separate employees prepared the deposits and took them to the bank; however, written documentation to verify the segregation of these procedures was not provided.

Reporting of Financial Transactions

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the financial statement. The lack of effective controls allowed errors on the financial statement as follows:

1. The General fund receipts and disbursements were overstated by \$16,245,335 because bank transfers were included in the financial statement.
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3. The Innkeepers Tax Lake Enhance fund receipts and disbursements were overstated by \$500,000 and \$400,000, respectively, because investment sales and purchases were included in the financial statement.

COUNTY TREASURER
WHITE COUNTY
FEDERAL FINDING
(Continued)

Reporting of Federal Program Expenditures

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). There were not adequate controls in place, such as oversight, review, or approval process, to ensure the accuracy of the information that was entered into the Indiana Gateway for Government Units financial system.

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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. . . .

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Cause

Management of the County had not established a proper system of internal controls

COUNTY TREASURER
WHITE COUNTY
FEDERAL FINDING
(Continued)

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County establish and properly document a system of internal controls, including segregation of duties, related to financial transactions and reporting.

Views of Responsible Officials

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



Jill Guingrich
White County Treasurer
110 N Main St., PO Box 388, Monticello, IN 47960
Ph: 574-583-5771 Fax: 574-583-7498 jguingrich@wcgconline.net

CORRECTIVE ACTION PLAN

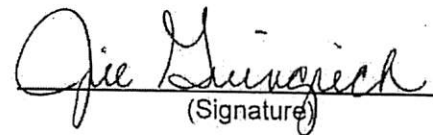
FINDING 2017-001

Contact Person Responsible for Corrective Action: Jill Guingrich, White County Treasurer
Contact Phone Number: 574.583.1516

Views of Responsible Official: We can concur with the finding.

Description of Corrective Action Plan: We will be initialing all deposit slips and reports so that you will be able to see clear separation of duties.

Anticipated Completion Date: September 21, 2018


(Signature)

White County Treasurer
(Title)

9/20/18
(Date)

COUNTY TREASURER
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2018, with Jill Guingrich, County Treasurer.

CLERK OF THE CIRCUIT COURT
WHITE COUNTY

CLERK OF THE CIRCUIT COURT
WHITE COUNTY
FEDERAL FINDING

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat of finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

There were deficiencies in the internal control system of the County related to financial transactions and reporting. There was a lack of adequate segregation of duties, as the County had not separated incompatible activities related to receipts and reporting of the financial transactions and of federal program expenditures.

Receipts - Treasurer

The County had not designed or implemented proper segregation of duties related to receipts. Separate employees prepared the deposits and took them to the bank; however, written documentation to verify the segregation of these procedures was not provided. Additionally, one employee completed a final review of the daily collections compared to the collections recorded in the County Treasurer's Funds Ledger; however, written documentation of the review was not provided.

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The Clerk of the Circuit Court had not designed or implemented proper segregation of duties related to receipts. Separate employees prepared the deposits and took them to the bank; however, written documentation to verify the segregation of these procedures was not provided.

Reporting of Financial Transactions

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CLERK OF THE CIRCUIT COURT
WHITE COUNTY
FEDERAL FINDING
(Continued)

Reporting of Federal Program Expenditures

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). There were not adequate controls in place, such as oversight, review, or approval process, to ensure the accuracy of the information that was entered into the Indiana Gateway for Government Units financial system.

Context

The lack of controls and noncompliance regarding the financial statement were systemic issues throughout the audit period.

Criteria

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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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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Cause

Management of the County had not established a proper system of internal controls

CLERK OF THE CIRCUIT COURT
WHITE COUNTY
FEDERAL FINDING
(Continued)

Effect

The failure to establish controls enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County establish and properly document a system of internal controls, including segregation of duties, related to financial transactions and reporting.

Views of Responsible Officials

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

Office of the
White County Indiana
Clerk of the Circuit and Superior Court
110 N. Main St. • Monticello, Indiana 47960

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Paula L. Lantz
Contact Phone Number: 574-583-8637

Views of Responsible Official:

The Clerk does have internal controls in place designating separation of duties related to reporting process, receipts and preparation of deposits. Unfortunately, the written documentation segregating each procedure performed by each deputy clerk was not attached to each process.

"We concur with the finding"

Description of Corrective Action Plan:

Written documentation has been added to include the initials of each deputy that performs each segregation of the reporting process, receipts and preparation of deposits of the financial transactions. This written process has been added and implemented within the Internal Controls process of the White County Clerk's Office.

Anticipated Completion Date: August 17, 2018

Paula L. Lantz
(Signature)

White County Clerk
(Title)

September 20, 2018
(Date)

CLERK OF THE CIRCUIT COURT
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2018, with Paula L. Lantz, Clerk of the Circuit Court.

COUNTY AIRPORT
WHITE COUNTY

COUNTY AIRPORT
WHITE COUNTY
FEDERAL FINDINGS

FINDING 2017-002

Subject: Airport Improvement Program - Internal Controls

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): AIP 3-18-0057-017-2016,
AIP 3-18-0057-016-2015,
AIP 3-18-0057-1514

Compliance Requirements: Cash Management; Matching, Level of Effort, Earmarking;
Procurement and Suspension and Debarment; and Special
Tests and Provisions - Wage Rate Requirements

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

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 compliance requirements listed above.

Cash Management

The County had not designed or implemented adequate internal controls to ensure that there was minimal time elapsing between the transfer of funds from the U.S. Department of the Treasury and the disbursement to the appropriate vendor.

Matching, Level of Effort, and Earmarking

The County had not designed or implemented adequate internal controls to ensure that the County's local match of 5 percent had been met.

Suspension and Debarment

The County had not designed or implemented adequate internal controls to ensure that all vendors had not been suspended or debarred or otherwise excluded from participation in federal assistance programs. The County hired an engineering firm to oversee the requirements with suspension and debarment without proper oversight or review.

Special Tests and Provisions - Wage Rate Requirement

The County had not designed or implemented adequate internal controls to ensure that the prevailing wage rates were paid by the contractors or subcontractors of the projects. The County hired an engineering firm to oversee compliance with the wage rate requirements without proper oversight or review.

Context

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

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FEDERAL FINDINGS
(Continued)

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 program . . ."

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's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Airport Improvement Program - Reporting

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): AIP 3-18-0057-017-2016,
AIP 3-18-0057-016-2015,
AIP-3-18-0057-1514

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

COUNTY AIRPORT
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FEDERAL FINDINGS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-003.

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 Reporting compliance requirement.

The County had not designed or implemented adequate internal controls to ensure that the Federal Financial Report was accurate.

The Federal Financial Report for AIP 1615 was to include disbursements through September 30, 2017. The cash disbursements were underreported and cash on hand was over reported by \$263,981.

Context

The lack of controls and noncompliance were systemic issues during the audit period for the Federal Financial Reports.

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 program . . ."

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). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following: . . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in § 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the reporting requirements.

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FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the reporting requirements could have resulted in the 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 related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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



Gayle E. Rogers
White County Auditor
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CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Gayle Rogers
Contact Phone Number: 574-583-1515

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

We thought we had an adequate internal control system in place, however we found that it was not good enough. The County Auditor and WCBOAC Staff were not in close enough contact to ensure policy was being followed. The County Auditor and WCBOAC Staff are now better apprised of the requirements and will work together to establish internal controls to prevent the occurrence of this inadequacy. This finding occurred two consecutive years because of simultaneous auditing of two years resulting in no time to correct.

Anticipated Completion Date:

December 31, 2018

Gayle E. Rogers
(Signature)

AUDITOR
(Title)

9/20/18
(Date)



Gayle E. Rogers
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CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Gayle Rogers

Contact Phone Number: 574-583-1515

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

The County Auditor and WCBOAC Staff were not in close enough contact to ensure the grant administrator's work was being properly reviewed. Each thought the other was doing so. The County Auditor and WCBOAC Staff will work together to establish controls to prevent any repeat occurrence of this inadequacy.

Anticipated Completion Date:

December 31, 2018

Gayle E. Rogers
(Signature)

Auditor
(Title)

9/20/18
(Date)

COUNTY AIRPORT
WHITE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2018, with Emil Radtke, Treasurer of the White County Board of Aviation Commissioners; George Green, White County Board of Aviation Commissioners member; Art Anderson, County Council member; Denita Shelton, Clerk to the Board of Aviation Commissioners; and Gayle E. Rogers, County Auditor.