B51643

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ELKHART COUNTY, INDIANA

January 1, 2017 to December 31, 2017

FILED
12/28/2018

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SCHEDULE OF OFFICIALS

Office	Official	Term
County Auditor	Pauline E. Graff	01-01-15 to 12-31-18
County Treasurer	Tina M. Bontrager	01-01-17 to 12-31-20
Clerk of the Circuit Court	Wendy S. Hudson	01-01-15 to 08-17-18
	(Vacant)	08-18-18 to 08-19-18
	Christopher Anderson	08-20-18 to 12-31-22
County Sheriff	Bradley D. Rogers	01-01-15 to 12-31-18
County Health Officer	Dr. Daniel Nafziger	01-01-17 to 01-02-18
	Dr. Lydia K. Mertz	01-03-18 to 12-31-18
President of the Board of County Commissioners	Mike Yoder	01-01-17 to 12-31-18
President of the County Council	John K. Letherman	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 ELKHART COUNTY, INDIANA

This report is supplemental to our audit report of Elkhart 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 and Audit Results and Comments 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 and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

December 18, 2018

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COUNTY AUDITOR
ELKHART COUNTY

COUNTY AUDITOR
ELKHART COUNTY
FEDERAL FINDINGS

FINDING 2017-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-001 related to receipts and disbursements from the immediately prior audit.

Condition

There were several deficiencies in the internal control system of the County related to financial transactions and reporting.

Receipts

There was no oversight or review in the County Auditor's office to ensure receipts were posted to the correct fund and for the correct amount.

Disbursements - Fringe Benefits

There was no oversight or review for the County's share of fringe benefits such as payments to the Public Employee Retirement Fund, Long-Term Disability, and the County's share of Social Security and Medicare. These disbursements were not included on the approved claims docket.

Financial Close and Reporting/Cash and Investments

There was no oversight or review in the County Auditor's office to ensure adjustments made to the ledger were properly posted and communicated to the County Treasurer's office. As a result, the year-end bank reconcilement prepared by the County Treasurer did not balance to the financial statement by an immaterial amount.

Context

The lack of controls was a systemic issue that occurred 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. . . ."

Cause

Management of the County had not established a proper system of internal control.

Effect

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

Recommendation

We recommended that the County establish a system of internal controls related to financial transactions and reporting including receipts, fringe benefit disbursements, and financial close and reporting/ cash and investments.

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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The County had not established effective internal controls to prevent, or detect and correct, errors in the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA).

Context

The SEFA contained the following errors:

1. Two state grants were incorrectly included, resulting in an overstatement of expenditures in the amount of $1,328,489.

2. The Department of Agriculture grants were understated by $80,217.

3. The Department of Justice grants were understated by $199,335.

4. The Department of Transportation grants were overstated by $14,240.

5. The Department of Health and Human Services grants were overstated by $32,953.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

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. . . ."

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 Financial statements. . . ."

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 Basis for determining Federal awards expended. 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.
>
> (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 CFDA number or other identifying number when the CFDA 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 Basis for determining Federal awards expended, paragraph (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 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the County's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Pauline E. Graff
Contact Phone Number: (574) 535-6719

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: New processes have been implemented to include benefits with payroll to the Commissioners for approval as well as a double check process for entering and checking the quietus as to fund and amount of receipt. Adjustments will be entered and double checked by another employee and initial the changes.

Anticipated Completion Date: All processes have been implemented as of December 10, 2018

FINDING 2017-002

Contact Person Responsible for Corrective Action: Pauline E. Graff
Contact Phone Number: (574) 535-6719

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: We will be implementing a new system to log grant payments from the EFT transmittals as well as cross checking the Chart of Account Fund numbers with the SEFA number to ensure all is being reported properly.

Anticipated Completion Date: Process will start immediately and be ready for the 2018 Annual Report

Pauline E Graff
(Signature)

Auditor
(Title)

12-14-18
(Date)

COUNTY AUDITOR
ELKHART COUNTY
AUDIT RESULT AND COMMENT

AUDITOR RECORDS DO NOT RECONCILE WITH TREASURER RECORDS

The same comment also appeared in prior Report B51641.

The County Auditor and County Treasurer were not reconciling by fund with each other on a monthly basis. They were reconciling in total with each other on a monthly basis. Neither the County Auditor nor the County Treasurer were using the Monthly Financial Statement, County Form No. 61.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total.

The county treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement.

The statements are prescribed to be placed in a post-binder and shall be carefully preserved as a permanent record. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

COUNTY AUDITOR
ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Pauline E. Graff, County Auditor; Patricia A. Pickens, Deputy County Auditor; Mike Yoder, President of the Board of County Commissioners; David L. Hess, County Council member; and Tom Byers, County Administrator.

COUNTY TREASURER
ELKHART COUNTY

COUNTY TREASURER
ELKHART COUNTY
AUDIT RESULT AND COMMENT

AUDITOR RECORDS DO NOT RECONCILE WITH TREASURER RECORDS

The same comment also appeared in prior Report B51641

The County Auditor and County Treasurer were not reconciling by fund with each other on a monthly basis. They were reconciling in total with each other on a monthly basis. Neither the County Auditor nor the County Treasurer were using the Monthly Financial Statement, County Form No. 61.

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

COUNTY TREASURER
ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2018, with Tina M. Bontrager, County Treasurer, and Jodene Jones, Deputy County Treasurer.

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COUNTY SHERIFF
ELKHART COUNTY

COUNTY SHERIFF
ELKHART COUNTY
AUDIT RESULT AND COMMENT

FAILURE TO REPORT MISAPPROPRIATION OF FUNDS

Three employees of the County Sheriff's Department were terminated in September 2017 due to irregularities on their timesheets from 2014 into 2017. The County Sheriff requested an investigation by the Indiana State Police who estimated approximately $45,000 had been overpaid. Based on that investigation, the case was turned over to the Elkhart County Prosecutor. On September 12, 2018, all three were charged with a theft in an amount greater than $750 which is a level six felony. The County did not report this to Indiana State Board of Accounts.

Indiana Code 5-11-1-27(l) states:

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

(1) information obtained as a result of a police report;

(2) an internal audit finding; or

(3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

December 27, 2018

OFFICIAL RESPONSE

Sent via email only to ldavid@sboa.in.gov

Martha Harper, CPA
Audit Manager
State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, Indiana 46204-2765

Re: Official Response
Audit results and comments
Claimed failure to report misappropriation of funds
Unit Examined: Elkhart County
Period Examined: 01/01/17 to 12/31/17
Date of Conference: December 18, 2018
Office or Department: Sheriff's Office

Dear Ms. Harper:

I send this letter regarding the State Board of Accounts' (the "SBOA") referenced audit results and comments regarding claimed failure to report misappropriation of funds by the Elkhart County Sheriff's Office (the "Sheriff's Department"). In the December 18, 2018 Exit Conference with the SBOA, I elected to file an official response to the results and comments on behalf of the Sheriff's Office. This letter, which is timely submitted within ten days of the December 18, 2018 exit conference, is the official response. I understand that this letter will be bound in the report and will be made part of the report and that any attachment referred to in this letter will be held on file with the SBOA. As stated at the exit conference and as stated in this letter, the Sheriff's Office did not fail to report misappropriation of funds.

In 2017, the Sheriff's Office discovered that three civilian process server employees had been performing personal activities during their normal

scheduled working hours when they were supposed to be working. After discovering this, the Sheriff's Office terminated these employees in August and September 2017 and reported this to the Indiana State Police and the Office of the Prosecuting Attorney of Elkhart County (the "Prosecutor") in or around September 2017. The Indiana State Police conducted an investigation and, in late 2017, turned its investigative results over to the Prosecutor. The Sheriff's Office also provided additional materials to the Prosecutor to aid the Prosecutor's investigation. After reviewing the evidence and information provided by the Indiana State Police and the Sheriff's Office, the Prosecutor notified the Elkhart Circuit Court, Elkhart County, Indiana, of the Prosecutor's desire to convene a grand jury to further analyze the evidence and assist in the determination of whether criminal charges should be filed. I attach a press release issued August 8, 2018, jointly by the Prosecutor and my office regarding these matters.

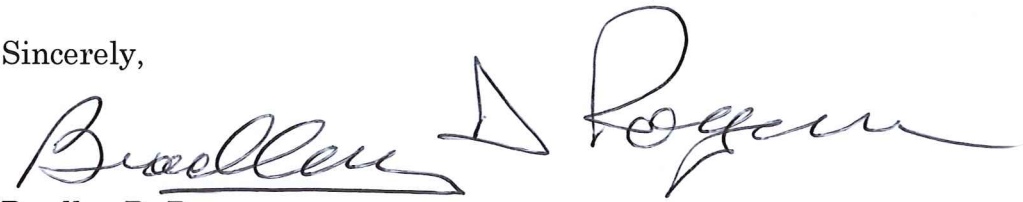
The grand jury commenced on September 11, 2018. A press release issued by the Prosecutor on September 12, 2018, also attached, stated that the evidence "demonstrated at least 2500 hours' worth of compensation claimed, but not worked, which totaled approximately $45,000.00 paid amongst three (3) employees between 2014 and 2017." That press release stated that the grand jury had "returned a True Bill for each of the three Targets, and indicted Susan G. Graves, Mary E. Letherman, and Steven R. Mock, for the crime of Theft in an amount greater than $750, a Level 6 Felony." The Prosecutor filed criminal charges against each of these three former employees for the level 6 felony theft under Indiana Code 35-43-4-2(a)(1)(A). All three have pled not guilty and await trial.

Both press releases state that "Without the oversight, diligence, and transparency of the Sheriff's Department, it is unlikely this behavior would have been brought to light."

By reporting time worked that they did not work, the three former employees acted inconsistently with Sheriff's Office policies, and they were disciplined by termination. However, their misconduct did not cause funds or assets to go missing from the Sheriff's Office's books or from the Elkhart County Auditor's books, and no financial accounts failed to reconcile. The Sheriff's Office in good faith did not believe that the misconduct was misappropriation as contemplated by Indiana Code 5-11-1-27(l) or otherwise. Further, there was no masking of this misconduct. The Sheriff's Office transparently provided the information about the employees' misconduct to the Indiana State Police and Prosecutor, and the Prosecutor and the Sheriff's Office publicly

announced the misconduct of these employees by press release. The Sheriff's Office respectfully states that it did not fail to report misappropriation of funds under Indiana Code 5-11-1-27(l).

Sincerely,



Bradley D. Rogers
Elkhart County Sheriff

Attachments:

August 8, 2018 Press Release by Prosecutor and Sheriff
September 12, 2018 Press Release by Prosecutor

cc: Attorney Michael F. DeBoni

MEDIA ADVISORY

FOR IMMEDIATE RELEASE: August 08, 2018

PROSECUTOR AND SHERIFF ISSUE JOINT PRESS RELEASE: PROSECUTOR REQUESTS GRAND JURY AFTER SHERIFF REPORTS SUSPECTED THEFT BY PROCESS SERVERS

Media Contact: Vicki Elaine Becker (574) 296-1888

In September, 2017, Sheriff Brad Rogers reported to the Indiana State Police that several civilian employees of the Elkhart County Sheriff's Department appeared to have been claiming hourly compensation for work they did not actually perform. This behavior was discovered by a Sheriff's Department supervisor, and further inquiry demonstrated at least 2500 hours of work and approximately $45,000.00 in compensation paid amongst three (3) employees between 2014 and 2017. The Process Servers were terminated from employment with the Sheriff's Department.

The Indiana State Police began an investigation and submitted same to the Office of the Prosecuting Attorney of Elkhart County in late 2017. However, additional investigation was needed to discern the depth of the alleged theft of unearned compensation and additional materials were provided by the Elkhart County Sheriff's Department to aid the Prosecutor's investigation.

After reviewing the evidence and information provided by the Indiana State Police, and the Elkhart County Sheriff's Department, the Prosecuting Attorney has notified the Elkhart Circuit Court of its desire to convene a Grand Jury to further analyze the evidence and assist in the determination of whether criminal charges should be filed in the matter.

Without the oversight, diligence, and transparency of the Sheriff's Department, it is unlikely this behavior would have been brought to light.

Under Indiana law, a Grand Jury is an investigative body authorized to hear and examine evidence concerning events during which criminal activity may have occurred. The Grand Jury is the exclusive judge of facts with respect to any matter it considers, and may subpoena any person to provide information if it believes that person may have evidence it wishes to consider. However, no person has a right to present information to a Grand Jury except a Target suspect. The Prosecuting Attorney is the legal advisor of the Grand Jury and must approve any indictment for it to be valid.

The Elkhart Circuit Court is summoning the Grand Jury to commence on September 11, 2018, beginning at 8:30 a.m.. The proceedings are secret and will not be open to the public pursuant to I.C. 35-34-2-4.

***

"Under Indiana law, all persons arrested for a criminal offense are innocent until proven guilty in a court of law."

©2013 Office of the Prosecuting Attorney, 301 S. Main St., Suite 100, Elkhart, IN 46516 P: (574) 296-1888 F: (574) 296-1889

MEDIA ADVISORY

FOR IMMEDIATE RELEASE: September 12, 2018

GRAND JURY RETURNED INDICTMENTS ON FORMER PROCESS SERVERS

Media Contact: Vicki Elaine Becker (574) 296-1888

In September, 2017, Sheriff Brad Rogers reported to the Office of the Prosecuting Attorney for Elkhart County, and the Indiana State Police, that several civilian Process Server employees of the Elkhart County Sheriff's Department appeared to have been claiming hourly compensation for work they did not actually perform. This behavior was discovered by a Sheriff's Department supervisor, and further inquiry demonstrated at least 2500 hours worth of compensation claimed, but not worked, which totaled approximately $45,000.00 paid amongst three (3) employees between 2014 and 2017. The Process Servers were terminated from employment with the Sheriff's Department.

After discerning the depth of the alleged theft of unearned compensation, and reviewing the evidence and information collected, the Prosecuting Attorney convened a Grand Jury to further analyze the evidence and assist in the determination of whether criminal charges should be filed in the matter.

Under Indiana law, a Grand Jury is an investigative body authorized to hear and examine evidence concerning events during which criminal activity may have occurred. The Grand Jury is the exclusive judge of facts with respect to any matter it considers, and may subpoena any person to provide information if it believes that person may have evidence it wishes to consider. The Prosecuting Attorney is the legal advisor of the Grand Jury and must approve any indictment for it to be valid. The Grand Jury commenced on September 11, 2018, and was a secret proceeding under Indiana Law.

After two days of investigation assisted by Deputy Prosecuting Attorneys Lucas Shoemake and Geovanny Martinez, the Grand Jury returned a True Bill for each of the three Targets, and indicted Susan G. Graves, Mary E. Letherman, and Steven R. Mock, for the crime of Theft in an amount greater than $750, a Level 6 Felony. The Elkhart Circuit Court has accepted the Grand Jury's return, pursuant to which an arrest warrant has issued for each subject.

The Grand Jury process is very valuable to Prosecuting Attorney Vicki Becker as it assists her in understanding the general public's perspective in certain types of cases. Engaged and impartial citizens such as these make our criminal justice system far better. Without the oversight, diligence, and transparency of the Sheriff's Department, it is unlikely this behavior would have been brought to light.

***

"Under Indiana law, all persons arrested for a criminal offense are innocent until proven guilty in a court of law."

©2013 Office of the Prosecuting Attorney, 301 S. Main St., Suite 100, Elkhart, IN 46516 P: (574) 296-1888 F: (574) 296-1889

COUNTY SHERIFF
ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2018, with Bradley D. Rogers, County Sheriff, and Michael F. DeBoni, Attorney for the County Sheriff.

COUNTY HEALTH DEPARTMENT
ELKHART COUNTY

COUNTY HEALTH DEPARTMENT
ELKHART COUNTY
FEDERAL FINDING

FINDING 2017-003

Subject: WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: WIC Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA Number: 10.557
Federal Award Numbers and Years (or Other Identifying Numbers): 40010557WPCG016, 40010557WICAD17, 40010557WPCG017, 40010557WPCG018, 40010557WICAD18
Pass-Through Entity: Indiana State Department of Health
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-002 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 following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Reporting.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance

Fringe benefit claims were not being approved by someone knowledgeable about the grant requirements or by other County officials. Fringe benefit payments were not going through the normal claim approval process.

Period of Performance

Adjustments were made to the financial system without evidence of an oversight or review process.

Cash Management, Reporting

Reimbursement request reports were prepared by the Health Administration Manager without a documented review and approval process.

Context

The lack of controls was a systemic issue that occurred 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). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

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. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 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.

Elkhart County Health Department

Administration

608 Oakland Ave. | Elkhart, IN 46516
574-523-2283 main line | 574-295-6186 fax

elkhartcountyhealth.org

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Concetta Sanfilippo

Contact Phone Number: 574-523-2101

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance

Adjustments and employer benefits are being addressed at the County level by being approved by the Commissioners. Payments are reviewed on a monthly bases by the Health Department during the monthly preparation of the reimbursement request.

Period of Performance

Adjustments are being addressed at the County level and they are reviewed by the Health Department on a weekly and monthly bases, before and during monthly reimbursement request preparation.

Cash Management, Reporting

A new step has been added to insure review of the invoice. A copy of the signed original invoice submitted to WIC will be returned to Health Administration stating that the invoice was reviewed and the date submitted. Supporting documentation along with a copy of the invoice is sent by courier to the WIC Manager and the Auditors office. The original invoice is sent by email for signature and review.

Anticipated Completion Date: The process will start immediately.

Concetta Sanfilippo
(Signature)

Manager of Administration
(Title)

12-17-2018
(Date)

COUNTY HEALTH DEPARTMENT
ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2018, with Dr. Lydia K. Mertz, County Health Officer, and Concetta Sanfilippo, Health Administrative Manager.