

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CRAWFORD COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
09/30/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
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	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10
Notes to Schedule of Expenditures of Federal Awards.....	11
Schedule of Findings and Questioned Costs.....	12-18
Auditee-Prepared Document:	
Corrective Action Plan	20-23
Other Reports.....	24

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christian Howell	01-01-15 to 12-31-22
County Treasurer	Kelli R. Slaughterback	01-01-17 to 12-31-20
Clerk of the Circuit Court	Edna M. Brown Lisa Holzbog	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Jeff Howell	03-01-17 to 12-31-22
County Recorder	Jessica Villegas	01-01-15 to 12-31-22
President of the Board of County Commissioners	Dan Crecelius Morton Dale	01-01-18 to 12-31-18 01-01-19 to 12-31-19
President of the County Council	William E. Breeding	01-01-18 to 12-31-19



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

TO: THE OFFICIALS OF CRAWFORD COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Crawford County (County), for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated September 26, 2019, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-003 to be material weaknesses.

A significant deficiency is a deficiency, or a 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be significant deficiencies.

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

Compliance and Other Matters

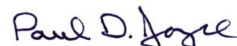
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003.

Crawford County's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 26, 2019



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 CRAWFORD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Crawford 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, 2018. 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.

Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended December 31, 2018.

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)

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 item 2018-004, that we consider to be a material weakness.

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.


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 statement of the County, as of and for the year ended December 31, 2018, and the related notes to the financial statement. We issued our report thereon dated September 26, 2019, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the

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)

auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.


Paul D. Joyce, CPA
State Examiner

September 26, 2019

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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 approved by management of the County. The schedule and notes are presented as intended by the County.

CRAWFORD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

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	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Commerce					
Economic Development Cluster Economic Adjustment Assistance Crawford County RLF	Direct Grant	11.307	06-79-02990	\$ -	\$ 195,298
Total - Economic Development Cluster				-	195,298
Total - Department of Commerce				-	195,298
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Procter House	Indiana Department of Community and Rural Affairs	14.228	PF-16-101	-	249,696
Total - Department of Housing and Urban Development				-	249,696
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction Bridge 43 Bridge 80 Bridge 129 Bridge Inspections Bridge 42 Sign Design	Indiana Department of Transportation	20.205	DES NO. 1400825 DES NO. 0800729 DES NO. 0901105 DES NO. 1401222 DES NO. 1400804 DES NO. 1383657	- - - - - -	53,034 13,035 42,317 50,355 57,638 12,839
Total - Highway Planning & Construction				-	229,218
Total - Highway Planning and Construction Cluster				-	229,218
Total - Department of Transportation				-	229,218
Department of Health and Human Services					
Child Support Enforcement County Prosecutors Expenditures Child Support Program Child Support Program Circuit Court Clerk Expenditures Indirect Costs	Indiana Department of Child Services	93.563	FY2018 FY2018 FY2018 FY2018 FY2018	- - - - -	35,852 8,450 7,850 13,041 31,597
Total - Child Support Enforcement				-	96,790
Total - Department of Health and Human Services				-	96,790
Department of Homeland Security					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2018 Flood	Indiana Department of Homeland Security	97.036	025-U02U0-00	-	8,702
Emergency Management Performance Grants Outdoor Hazardous Event Warning Siren	Indiana Department of Homeland Security	97.042	61779	-	15,614
Total - Department of Homeland Security				-	24,316
Total federal awards expended				\$ -	\$ 795,318

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

CRAWFORD COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Calculation of Expenditures of the Economic Development Cluster Presented on the SEFA

Description	Amount
Balance of Revolving Loan Fund loans outstanding at December 31, 2018	\$ 139,851
Add: Cash and Investment balance of FLRLF at December 31, 2018	133,847
Add: Administrative expenses paid out of FLRLF during 2018	5,300
Total Expenditures	\$ 278,998
Multiplied by the Federal Participation Rate	0.70
Total presented on SEFA	\$ 195,298

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	yes

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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Economic Development Cluster	Unmodified
Highway Planning and Construction Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting - County
Audit Finding: Material Weakness

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not established an effective internal control system that separated incompatible activities related to payroll disbursements and financial close and reporting.

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Payroll Disbursements

One employee in the County Auditor's office was responsible for entering pay rates; entering hours worked; recording leave time earned and used; calculating and posting the wages; issuing checks; making direct deposit payments for wages, tax payments, and payroll deductions; printing reports of payroll disbursements for review and approval; and preparing 941 reports, retirement reports, and W-2s. There was no evidence of an oversight, review, or approval process to prevent, or detect and correct, errors in a timely manner.

Financial Close and Reporting

The County Auditor prepared and submitted the financial information into the Annual Financial Report through the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement. There was no evidence of an oversight, review, or approval process that would have ensured that the information was accurate before submission.

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. . . ."

Cause

Management of the County had not established a proper system of internal control over financial transactions and reporting.

Effect

The failure to establish a system of internal controls could have enabled material misstatements or irregularities to remain undetected.

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2018-002

Subject: Financial Transactions and Reporting - Sheriff's Inmate Trust and Sheriff's Commissary
Audit Finding: Significant Deficiency

Condition and Context

There were deficiencies in the internal control system of the Sheriff's Inmate Trust and Sheriff's Commissary related to financial transactions and reporting. An effective internal control system had not been established that separated incompatible activities related to cash and investments and financial close and reporting.

Cash and Investments

One employee was responsible for performing the reconciliation of the depository account balance with the record balance. There was no evidence of an oversight, review, or approval process to ensure bank reconciliations were properly completed.

Financial Close and Reporting

The Office Administrator prepared and submitted the financial information for the Supplemental Annual Financial Report to the County Auditor. There was no evidence of an oversight, review, or approval process that would have ensured that the information was accurate before submission.

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. . . .

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

Cause

The County Sheriff had not established a proper system of internal control.

Effect

The failure to establish a system of internal controls could have enabled misstatements and irregularities to remain undetected.

Views of Responsible Officials

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

FINDING 2018-003

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

Condition and Context

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).

The SEFA contained the following errors:

1. The Economic Development Cluster was overstated by \$54,398.
2. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii was understated by \$249,696.
3. The Edward Byrne Memorial Justice Assistance Grant Program was overstated by \$2,554.
4. The Highway Planning and Construction Cluster was understated by \$45,500.
5. The Child Support Enforcement program was understated by \$5,018.
6. The Disaster Grants - Public Assistance (Presidentially Declared Disasters) program was understated by \$8,702.
7. The Emergency Management Performance Grants program was understated by \$5,056.
8. Not all CFDA numbers, program names, grants, and identifying numbers were correctly listed.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

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 award years, the auditee may list the amount of Federal awards expended for each 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 a 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.

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the 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 ensure 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 *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-004

Subject: Highway Planning and Construction Cluster - Internal Control

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): DES NO. 1400804,
DES NO. 1400825,
DES NO. 0800729,
DES NO. 0901105,
DES NO. 1401222,
DES NO. 1383657

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirements: Cash Management; Matching, Level of Effort,
Earmarking; Period of Performance

Audit Finding: Material Weakness

CRAWFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

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: Cash Management; Matching, Level of Effort, Earmarking; and Period of Performance.

The County was required to request reimbursement from the Indiana Department of Transportation using the LPA Invoice Voucher (voucher). The vouchers listed the gross amount of the claims paid by the County and calculated the percentage of federal share that was reimbursable. The Highway Clerk/ERC prepared the vouchers and signed them. There were no procedures in place to ensure that the expenses were paid prior to requesting reimbursement, that the correct federal percentage rate was used in the calculation, or that the expenses were obligated within the period of performance.

The lack of controls was a systemic issue 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 Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 non-compliance 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 and implement control procedures that will ensure the compliance requirements noted above are met.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.

**CRAWFORD COUNTY AUDITOR
715 JUDICIAL PLAZA DRIVE ENGLISH, IN 47118
P.O. BOX 316
(812)338-2601
FAX (812)338-3506**

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Christian Howell
Contact Phone Number: 812-338-2601

Views of Responsible Official: I concur with the findings.


Payroll Disbursements

For an internal controls issue regarding payroll, the Chief Deputy in the Auditor's office will be responsible for paying deductions and garnishments that are pulled from the employee's pay. Payroll will continue to be processed by my current payroll clerk but internal control measures will be taken to ensure that all information submitted is correct.


Financial Reporting

For an internal controls issue regarding the Annual Report, the Chief Deputy in the Auditor's office will be responsible for reviewing information entered by myself in the Annual Report. Once information is checked and correct, I will proceed with submitting the report.


Anticipated Completion Date: October 31, 2019



(Signature)



(Title)



(Date)



OFFICE OF
CRAWFORD COUNTY SHERIFF

JEFF HOWELL
P.O. Box 220
English, IN 47118
(812) 338-2802
Fax (812) 338-2585

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Christian Howell

Contact Phone Number: 812-338-2601

Views of Responsible Official: I concur with the findings.

Cash & Investments

Ledgers for Inmate Trust, Commissary, and the Sheriff's account are being reconciled on a monthly basis. I complete the reconciliation of the books and Jail Lieutenant is double-checking to make sure all information is correct.

Financial Close & Reporting

Supplemental CAR report will be completed by myself and double-checked by the Jail Lieutenant to confirm all totals are reported correctly.

Anticipated Completion Date: October 31, 2019



(Signature)

Sheriff

(Title)

9-26-19

(Date)

**CRAWFORD COUNTY AUDITOR
715 JUDICIAL PLAZA DRIVE ENGLISH, IN 47118
P.O. BOX 316
(812)338-2601
FAX (812)338-3506**

CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Christian Howell
Contact Phone Number: 812-338-2601

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan:

For internal control issues regarding the SEFA, Chief Deputy in the Auditor's office will be responsible for double-checking information submitted in the Annual Report. Once information is double-checked and is correct, the Auditor will proceed with submitted the report.

Anticipated Completion Date: October 31, 2019

Christian Howell
(Signature)

Auditor
(Title)

9-26-19
(Date)

**CRAWFORD COUNTY AUDITOR
715 JUDICIAL PLAZA DRIVE ENGLISH, IN 47118
P.O. BOX 316
(812)338-2601
FAX (812)338-3506**

CORRECTIVE ACTION PLAN

FINDING 2018-004


Contact Person Responsible for Corrective Action: Ernie Keck
Contact Phone Number: 812-338-2165

Views of Responsible Official: I concur with the finding.

Description of Corrective Action Plan:

For internal control issues, Ernie Keck, the highway superintendent, will review all federal funded projects. This will include claims for payments and invoices that will be submitted to INDOT for reimbursement.

Anticipated Completion Date: October 31, 2019



(Signature)

Superintendent

(Title)

09/26/2019

(Date)

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/>.