

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

KNOX COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
05/28/2020

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	12-16
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	18-19
Corrective Action Plan	20-21
Other Reports	22

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Micheal P. Morris	01-01-19 to 12-31-22
County Treasurer	Brenda Hall	01-01-16 to 12-31-20
Clerk of the Circuit Court	David Shelton	01-01-19 to 12-31-22
County Sheriff	Doug Vantlin	01-01-19 to 12-31-22
County Recorder	Lisa Clark-Benock	01-01-19 to 12-31-22
President of the Board of County Commissioners	Kellie Streeter	01-01-19 to 12-31-20
President of the County Council	Robert Lechner	01-01-19 to 12-31-20



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 KNOX 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 Knox County (County), for the year ended December 31, 2019, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated May 21, 2020, 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a material weakness.

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 2019-001.

Knox 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

May 21, 2020



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 KNOX COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Knox 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, 2019. 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.

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)

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, 2019.

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 2019-002, that we consider to be a material weakness.

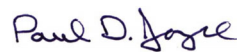
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the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

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 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, 2019, and the related notes to the financial statement. We issued our report thereon dated May 21, 2020, 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 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

May 21, 2020

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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.

KNOX COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

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
<u>Department of the Interior</u>					
Outdoor Recreation Acquisition, Development And Planning FOX RIDGE PARK	Indiana Department of Natural Resources	15.916	38-DR2-09-283	\$ -	\$ 9,136
Total - Department of the Interior				-	9,136
<u>Department of Justice</u>					
Crime Victim Assistance 2019 VICTIM ASSISTANCE	Indiana Criminal Justice Institute	16.575	VOCA-2019-00029	-	49,758
Total - Crime Victim Assistance				-	49,758
Drug Court Discretionary Grant Program BJA Drug Court Enhancement Grant	Direct Grant	16.585	2018-DC-BX-0057	-	90,087
Total - Drug Court Discretionary Grant Program				-	90,087
Total - Department of Justice				-	139,845
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning And Construction COUNTYWIDE BRIDGE INSPECTION AND INVENTORY(CYCLE YEARS 2017-2020) BRIDGE 382 ELKHORN RD PROJECT	Indiana Department of Transportation	20.205	DES 1592991 DES 1600892 DES 1800986	- - -	127,333 57,832 174,577
Total - Highway Planning and Construction				-	359,742
Total - Highway Planning and Construction Cluster				-	359,742
Highway Safety Cluster State And Community Highway Safety OPERATION PULL OVER	Indiana Criminal Justice Institute	20.600	CHIRP-2020-00072	-	15,855
Total - Highway Safety Cluster				-	15,855
Formula Grants for Rural Areas and Tribal Transit Program VAN GO OPERATING	Indiana Department of Transportation	20.509	18037470	398,483	398,483
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs VAN GO OPERATING	Indiana Department of Transportation	20.526	18037470	28,566	28,566
Total - Department of Transportation				427,049	802,646
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness CO. HEALTH-BIOTERRORISM	Indiana Department of Health	93.069	NU90TP922052	-	19,960
Child Support Enforcement CLERK IV-D EXPENDITURES PROSECUTOR IV-D EXPENDITURES COUNTY GENERAL IV-D INDIRECT COSTS PROSECUTOR IV-D INCENTIVES CLERK IV-D INCENTIVES COUNTY IV-D INCENTIVES	Indiana Department of Child Services	93.563	FY 2019 FY 2019 FY 2019 FY 2019 FY 2019 FY 2019	- - - - - -	19,755 123,789 21,340 24,156 46 3,840
Total - Child Support Enforcement				-	192,926
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) PHS BLOCK GRANT	Indiana Department of Health	93.758	NB01OT009174	-	941
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement HRSA-RCORP	Judiciary Courts of the State of Indiana	93.912	1 G25RH32960-01-00	-	58,831
Total - Department of Health and Human Services				-	272,658
<u>Department of Homeland Security</u>					
Homeland Security Grant Program EMERGENCY MANAGEMENT PERFORMANCE GRANTS	Indiana Department of Homeland Security	97.067	2018 SHSP	-	74,403
Total - Department of Homeland Security				-	74,403
Total federal awards expended				\$ 427,049	\$ 1,298,688

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

KNOX 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, 2019. 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 the 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.

KNOX 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?	none reported
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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
20.509	Highway Planning and Construction Cluster Formula Grants for Rural Areas and Tribal Transit Program	Unmodified 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 2019-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-001.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). The County Bookkeeper completed and input the information for the federal award information into Gateway. The information was then reviewed by the Deputy County Auditor prior to submitting through Gateway; however, this control was not effective and missed material errors. The County should have had proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.

The SEFA presented for audit contained the following errors:

1. The Child Support Enforcement grant for Prosecutor expenditures were overstated by \$18,567.
2. The Child Support Enforcement grant for Prosecutor Incentive expenditures were understated by \$9,578.
3. The Child Support Enforcement grant for Clerk Incentive expenditures were overstated by \$9,649.
4. The Child Support Enforcement grant for County Incentive expenditures were overstated by \$5,855.
5. The Child Support Enforcement grant included non-federal funds for Prosecutor PCA fees, resulting in an overstatement of expenditures of \$1,733.
6. One federal grant was incorrectly reported, resulting in an overstatement of expenditures of \$60,000.
7. The Drug Court Discretionary Grant Program was omitted from SEFA, resulting in an understatement of \$90,087.
8. Not all CFDA numbers, program names, and identifying numbers were correct or listed.

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.

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 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."

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The County's management had established a system of internal controls, but the controls were not operating effectively to 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 2019-002

Subject: Formula Grants for Rural Areas and Tribal Transit Program - Activities Allowed or Unallowed and Allowable Costs/Cost Principles
Federal Agency: Department of Transportation
Federal Program: Formula Grants for Rural Areas and Tribal Transit Program
CFDA Number: 20.509
Federal Award Number and Year or (Other Identifying Number): 18037470
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Finding: Material Weakness

Condition and Context

An effective internal control system, which would have included segregation of duties, was not in place at the County to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

The County had designed, but did not implement, adequate policies and procedures to ensure that disbursements for the federal program were reviewed and/or approved prior to disbursing the payments.

This was a systemic issue throughout the audit.

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). . . ."

KNOX COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the County 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 listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish a system of internal controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above. An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Knox County Auditor

Auditor Micheal P. Morris
111 N 7th St, Suite 5
Vincennes, IN 47591
812-885-2502

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2013
Contact Person Responsible for Corrective Action: Micheal P. Morris, Knox County Auditor
Contact Phone Number: (812)885-2502

Status of Audit Finding: the new administration has developed new protocols to insure accurate SEFA reporting.

Expected Date of Completion: 12/31/2020

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2013
Contact Person Responsible for Corrective Action: Micheal P. Morris, Knox County Auditor
Contact Phone Number: (812)885-2502

Status of Audit Finding: the new administration has worked on implementing procedures to correct prior error and move forward with more of an understanding of reporting procedures.

Expected Date of Completion: 12/31/2019

Finding 2018-003

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Transportation
Federal Program: Highway Planning and Construction
Contact Person Responsible for Corrective Action: Bill Horner
Contact Phone Number: 812-882-2884

Status of Audit Finding: LPA Vouchers, along with invoices, are now being initialed by a second person as an internal control before submitting the information to Indiana Department of Transportation for reimbursement.

Date of Completion: 12/31/2019

Michael P. Munro
(Signature)

AUDITOR

(Title)

05/05/2020
(Date)



Knox County Auditor

Auditor Micheal P. Morris
111 N 7th St, Suite 5
Vincennes, IN 47591
812-885-2502

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Micheal P Morris, Auditor
Contact Phone Number: 812-885-2502

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- In 2019, the Knox County Auditor's office developed a written grant procedure for county departments.
- The Knox County Board of Commissioners passed Resolution No 2019 – 9: Rules of Procedures on Grant Funding Awards.
- The county Auditor Office is responsible for all grant activity. The Auditors Office keeps a master list of all grants awarded to county departments.
- This list contains information on the type of grant name and amount, the CFDA number, any pass-through agencies, and information about the purpose and use of the grant. This information will be reviewed by the department receiving the grant and the Auditors Office.
- To ensure that information is current and accurate another Auditor staff member reviews so that reporting is correct.
- A website www.beta.sam.gov is available to use for accurate CFDA reporting of Federal Program title.
- Auditor employees will attend grant seminars as they become available.

Anticipated Completion Date: December 31, 2020



Knox County Auditor

Auditor Micheal P. Morris
111 N 7th St, Suite 5
Vincennes, IN 47591
812-885-2502

CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: Micheal P Morris, Auditor
Contact Phone Number: 812-885-2502

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- With the 2020 audit of the 2019 AFR, became aware of a deficiency in the segregation of duties for the Formula Grants for Rural Areas and Tribal Transit Program aka VanGo grant.
- The Auditors office will segregate duties to assure that no one position to initiate, approve, undertake and review the same activity.

Anticipated Completion Date: This process started immediately April 30, 2020.

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/>.