

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

HOWARD COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
07/20/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Martha Lake	01-01-19 to 12-31-20
County Treasurer	Weston Reed Christie Branch	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Clerk of the Circuit Court	Debbie Stewart	01-01-19 to 12-31-20
County Sheriff	Jerry Asher	01-01-19 to 12-31-20
County Recorder	Jennifer Jack	01-01-19 to 12-31-20
President of the Board of County Commissioners	Paul Wyman	01-01-19 to 12-31-20
President of the County Council	James Papacek	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 HOWARD 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 Howard 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 June 3, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 3, 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 HOWARD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Howard 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 June 3, 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

June 3, 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.

HOWARD 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
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2019	\$ -	\$ 16,072
Kinsey School Breakfast					
National School Lunch Program	Indiana Department of Education	10.555	FY 2019	-	24,512
Kinsey National School Lunch			FY 2019	-	2,926
Commodities					
Total - National School Lunch Program				-	27,438
Total - Child Nutrition Cluster				-	43,510
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	FY 2019	-	13,917
Child Nutrition Discretionary Grants Limited Availability					
Total - Department of Agriculture				-	57,426
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community & Rural Affairs	14.228			
NCIR DEV BLOCK GRANT			A192-16-WFD-15-103	-	11,766
New London Wastewater Treatment Plant and Collection System			A192-18-WW-17-104	-	303,970
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	315,736
Total - Department of Housing and Urban Development				-	315,736
Department of Justice					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
16.575 - Voca Grant Adult Prob			2017-VA-GX-0004	-	87,102
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
Stop Violence Against Women			D3-18-12223	-	33,221
Total - Department of Justice				-	120,323
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Local Road and Street			0710021	-	146,627
Cumulative Bridge			1400994	-	3,449
Cumulative Bridge			1401817	-	10,916
Cumulative Bridge			1500284	-	148,809
Total - Highway Planning and Construction				-	309,801
Total - Highway Planning and Construction Cluster				-	309,801

HOWARD 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
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
Impaired and Dangerous Driving			OPO-2019-00055	-	6,830
Non-Motor Grant - Bike			PED-BIKE-2019-00010	-	940
20.600 Stop Arm Violation Enforcement			SAVE-2019-00040	-	2,018
Total - State and Community Highway Safety				-	9,788
Total - Highway Safety Cluster				-	9,788
Total - Department of Transportation				-	319,589
<u>Department of Health and Human Services</u>					
Immunization Cooperative Agreements	Indiana Department of Health	93.268			
Immunization Co-op Grant			H23IP000723	-	4,340
Hospital Preparedness Program (HPP) and Public Health					
Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana Department of Health	93.074			
PHEP BASE			U90TP000521	-	10,961
Injury Prevention and Control Research and State and Community Based Programs	Indiana Department of Health	93.136			
Trauma & Injury Prevention			NU17CE002721	-	6,757
PPHF Capacity Building Assistance to Strengthen Public Health					
Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	Indiana Department of Health	93.539			
93.268 Immunization Co-op Grant			NH23IP000723	-	66,636
Child Support Enforcement	Indiana Department of Child Services	93.563			
Title IV-D Child Enforcement			CY 2019	-	130,617
Title IV-D Child Enforcement			CY 2019	-	10,405
Title IV-D Child Enforcement			CY 2019	-	13,167
Title IV-D Child Enforcement			CY 2019	-	13,985
Title IV-D Child Enforcement			CY 2019	-	439,303
Total - Child Support Enforcement				-	607,477
Opioid STR	Indiana Supreme Court	93.788			
93.788 Addictions Response			20-5JC89-C34-007	-	2,240
Total - Department of Health and Human Services				-	698,411
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG-Salaries			EMC-2018-EP-00005	-	46,632
97.042 EMPG Comp Grant - Equipment			EMC-2018-EP-00005	-	25,850
Total - Emergency Management Performance Grants				-	72,482
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
97.067 SHSP EMA Grant			EMW-2018-SS-00011	-	28,500
Total - Department of Homeland Security				-	100,982
Total federal awards expended				\$ -	\$ 1,612,467

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

HOWARD 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.

HOWARD 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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
93.563	Highway Planning and Construction Cluster Child Support Enforcement	Unmodified Unmodified

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

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



**HOWARD COUNTY AUDITOR
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**Martha Lake
Auditor**

**Rena Adams
Chief Deputy**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2018

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Child Services

Contact Person Responsible for Corrective Action: Martha Lake

Contact Phone Number: 765-456-2804

Status of Audit Finding:

Beginning with the 2019 SEFA, Title IV-D Incentive grant funds were reported as advance grants. Expenditures reported on the schedule matched disbursements reflected on the County's accounting records as is appropriate for advance grants.

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/>.