

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
09/18/2020



## 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 the 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 .....   | 10-11       |
| Notes to Schedule of Expenditures of Federal Awards.....   | 12          |
| Schedule of Findings and Questioned Costs.....   | 13-19       |
| Auditee-Prepared Documents:  |             |
| Summary Schedule of Prior Audit Findings.....  | 22-25       |
| Corrective Action Plan .....   | 26-27       |
| Other Reports.....   | 28          |

SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>      | <u>Term</u>          |
|---|----------------------|----------------------|
| County Auditor                                    | Kimberly A. Walton   | 01-01-19 to 12-31-20 |
| County Treasurer                                  | Cathy Williams       | 01-01-19 to 12-31-20 |
| Clerk of the Circuit Court                        | Debra Berry          | 01-01-19 to 12-31-20 |
| County Sheriff                                    | Randy Retter         | 01-01-19 to 12-31-20 |
| County Recorder                                   | Debby Resh           | 01-01-19 to 12-31-20 |
| President of the Board of<br>County Commissioners | Kenneth E. Paust     | 01-01-19 to 12-31-20 |
| President of the<br>County Council                | Jeffrey C. Plasterer | 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 WAYNE 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 Wayne 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 4, 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 material weaknesses.

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***

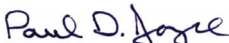
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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.

***Wayne 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

June 4, 2020, except for the Schedule of Expenditures of  
Federal Awards, for which the date is September 14, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 WAYNE COUNTY, INDIANA

**Report on Compliance for the Major Federal Program**

We have audited Wayne 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 its major federal program for the year ended December 31, 2019. The County's major federal program is 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 the County's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on the 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 its major federal program for the year ended December 31, 2019.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003. Our opinion on the major federal program is not modified with respect to these matters.

The County's response to the noncompliance 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.

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 items 2019-002 and 2019-003, which we consider to be material weaknesses.

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 THE 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 4, 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

September 14, 2020

(This page intentionally left blank.)

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.

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

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title        | Pass-Through Entity or Direct Grant     | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|--|---|---------------------------|--|-----------------------------------|-------------------------------------|
| <u>Department of Justice</u>   |   |                           |  |                                   |                                     |
| Crime Victim Assistance  | Indiana Criminal Justice Institute      | 16.575                    | 13VA2310   | \$ -                              | \$ 30,828                           |
| Total - Department of Justice  |   |                           |  | -                                 | 30,828                              |
| <u>Department of Labor</u>   |   |                           |  |                                   |                                     |
| Unemployment Insurance   | Indiana Workforce Development           | 17.225                    | FY2019   | -                                 | 99                                  |
| Total - Department of Labor  |   |                           |  | -                                 | 99                                  |
| <u>Department of Transportation</u>  |   |                           |  |                                   |                                     |
| Highway Planning and Construction Cluster                                  |   |                           |  |                                   |                                     |
| Highway Planning and Construction  | Indiana Department of Transportation    | 20.205                    |  |                                   |                                     |
| Highway Planning and Construction  |   |                           | DES 1400769  | -                                 | 15,234                              |
| Highway Planning and Construction  |   |                           | DES 1500293  | -                                 | 196,967                             |
| Highway Planning and Construction  |   |                           | DES 1600950  | -                                 | 51,342                              |
| Total - Highway Planning and Construction                                  |   |                           |  | -                                 | 263,543                             |
| Total - Highway Planning and Construction Cluster                          |   |                           |  | -                                 | 263,543                             |
| Highway Safety Cluster   |   |                           |  |                                   |                                     |
| State and Community Highway Safety   | Indiana Criminal Justice Institute      | 20.600                    |  |                                   |                                     |
| DUI  |   |                           | 032NHTSA4022019  | -                                 | 8,213                               |
| Total - Highway Safety Cluster   |   |                           |  | -                                 | 8,213                               |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated       | Indiana Criminal Justice Institute      | 20.608                    |  |                                   |                                     |
| OPO  |   |                           | 032NHT164ALCF18  | -                                 | 1,566                               |
| Interagency Hazardous Materials Public Sector Training and Planning Grants | Indiana Department of Homeland Security | 20.703                    | 2019 HEMP RFE64422   |                                   | 5,460                               |
| Total - Department of Transportation                                       |   |                           |  | -                                 | 278,782                             |
| <u>Department of Education</u>   |   |                           |  |                                   |                                     |
| Rehabilitation Services Vocational Rehabilitation Grants to States         | Indiana Family and Social Services      | 84.126                    |  |                                   |                                     |
| Rehabilitation Services  |   |                           | FY2019   | -                                 | 52                                  |
| Total - Department of Education  |   |                           |  | -                                 | 52                                  |
| <u>Department of Health and Human Services</u>                             |   |                           |  |                                   |                                     |
| Public Health Emergency Preparedness                                       | Indiana Department of Health            | 93.069                    |  |                                   |                                     |
| Bioterrorism Grant   |   |                           | 15508924   | -                                 | 356                                 |
| Hospital Preparedness Program (HPP) and Public Health Emergency            |   |                           |  |                                   |                                     |
| Preparedness (PHEP) Aligned Cooperative Agreements                         | Indiana Department of Health            | 93.074                    |  |                                   |                                     |
| Bioterrorism Grant   |   |                           | FY 2019  | -                                 | 8,087                               |

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

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title   | Pass-Through Entity or Direct Grant     | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|---|---|---------------------------|--|-----------------------------------|-------------------------------------|
| Health Center Program Cluster   |   |                           |  |                                   |                                     |
| Health Center Program (Community Health Centers, Migrant Health Centers,<br>Health Care for the Homeless, and Public Housing Primary Care)<br>HRSA/FQHC | Direct Grant                            | 93.224                    | H80CS29006   | -                                 | 1,407,725                           |
| Total - Health Center Program Cluster   |   |                           |  | -                                 | 1,407,725                           |
| Immunization Cooperative Agreements   |   |                           |  |                                   |                                     |
| Immunization Grant  | Indiana Department of Health            | 93.268                    | 42 USC 1396A(A)62  | -                                 | 102,496                             |
| Improving the Health of Americans through Prevention and Management<br>of Diabetes and Heart Disease and Stroke   | Direct Grant                            | 93.426                    | FY 2019  | -                                 | 50,189                              |
| Child Support Enforcement   | Indiana Department of Child Services    | 93.563                    |  |                                   |                                     |
| Title IV-D Incentive Funds  |   |                           | FY 2019  | -                                 | 33,717                              |
| Indirect Cost Expenditures  |   |                           | FY 2019  | -                                 | 159,663                             |
| Circuit Court Clerk Incentive Funds   |   |                           | FY 2019  | -                                 | 33,717                              |
| IV-D Prosecutors Incentive Funds  |   |                           | FY 2019  | -                                 | 68,749                              |
| County IV-D Prosecutor Expenditures   |   |                           | FY 2019  | -                                 | 191,514                             |
| Circuit Court Clerk Expenditures  |   |                           | FY 2019  | -                                 | 22,563                              |
| IV-D Court Expenditures   |   |                           | FY 2019  | -                                 | 114,281                             |
| Total - Child Support Enforcement   |   |                           |  | -                                 | 624,204                             |
| Grants to Provide Outpatient Early<br>Intervention Services with Respect to HIV Disease   | Direct Grant                            | 93.918                    |  |                                   |                                     |
| Ryan White Grant  |   |                           | 1 PO6HA32331-01-00   | -                                 | 44,979                              |
| HIV Prevention Activities Health Department Based   | Indiana Department of Health            | 93.940                    | 40093940CHIVP14  | -                                 | 12,020                              |
| Total - Department of Health and Human Services   |   |                           |  | -                                 | 2,250,056                           |
| <u>Social Security Administration</u>   |   |                           |  |                                   |                                     |
| Social Security Disability Insurance  | Indiana Family and Social Services      | 96.001                    | 20190312401114   | -                                 | 14                                  |
| Total - Social Security Administration  |   |                           |  | -                                 | 14                                  |
| <u>Department of Homeland Security</u>  |   |                           |  |                                   |                                     |
| Emergency Management Performance Grants   | Indiana Department of Homeland Security | 97.042                    | EMC-2016-EP-00006  | -                                 | 43,734                              |
| Homeland Security Grant Program   | Indiana Department of Homeland Security | 97.067                    | 2018 SHSP REF62586   | -                                 | 24,559                              |
| Total - Department of Homeland Security   |   |                           |  | -                                 | 68,293                              |
| Total federal awards expended   |   |                           |  | \$ -                              | \$ 2,628,124                        |

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

WAYNE 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.

WAYNE 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 program:   |               |
| 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 Program and type of auditor's report issued on compliance for it:

| <u>Name of Federal Program or Cluster</u> | <u>Opinion Issued</u> |
|---|-----------------------|
| Health Center Program 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 2019-001**

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 controls 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 Highway Planning and Construction Cluster was overstated by \$255,246.
2. The Homeland Security Grant Program, CFDA 97.067, was understated by \$24,559.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

3. The Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease, CFDA 93.918, was overstated by \$60,476.
4. The HIV Prevention Activities Health Department Based, CFDA 93.940, was overstated by \$44,979.
5. Six additional grants were understated by \$5,559.
6. Amounts reported as Passed Through to Subrecipients were incorrect.
5. Not all program names and clusters were correctly 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.

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. . . ."

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

The County's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operates 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.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2019-002**

Subject: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - Reporting  
Federal Agency: Department of Health and Human Services  
Federal Program: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)  
CFDA Number: 93.224  
Federal Award Number and Year (or Other Identifying Number): H80CS29006  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-003.

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Health Center did not have an effective internal control system of oversight, review, and approval in place to verify the accuracy of information reported on the required Federal Financial Report (SF-425) and the Universal Data System (UDS) - Universal Report.

The lack of controls was systematic throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*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 Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2019-003**

Subject: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) - Special Tests and Provisions - Sliding Fee Discounts

Federal Agency: Department of Health and Human Services

Federal Program: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

CFDA Number: 93.224

Federal Award Number and Year (or Other Identifying Number): H80CS29006

Compliance Requirement: Special Tests and Provisions - Sliding Fee Discounts

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-004.

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

The Health Center did not have a system in place to verify the accuracy of the sliding fee discount schedule. The Health Center did not accurately apply sliding fee discounts to patient charges for 2019.

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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). . . ."

42 USC 254b(k)(3)(G) states in part:

"the center—

(i) has prepared a schedule of fees or payments for the provision of its services consistent with locally prevailing rates or charges and designed to cover its reasonable costs of operation and has prepared a corresponding schedule of discounts to be applied to the payment of such fees or payments, which discounts are adjusted on the basis of the patient's ability to pay; . . ."

42 CFR 51c.303 states in part:

"A community health center supported under this subpart must: . . .

(f) Have prepared a schedule of fees or payments for the provision of its services designed to cover its reasonable costs of operation and a corresponding schedule of discounts adjusted on the basis of the patient's ability to pay. *Provided*, That such schedule of discounts shall provide for a full discount to individuals and families with annual incomes at or below those set forth in the most recent CSA Poverty Income Guidelines (45 CFR 1060.2) and for no discount to individuals and families with annual incomes greater than twice those set forth in such Guidelines, except that nominal fees for services may be collected from individuals with annual incomes at or below such levels where imposition of such fees is consistent with project goals.

(g) Make every reasonable effort, including the establishment of systems for eligibility determination, billing, and collection, to: . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the County in noncompliance with the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

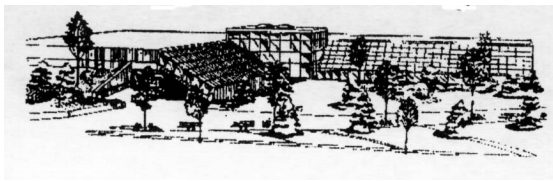
*Views of Responsible Officials*

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

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

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



**Kimberly A. Walton, Auditor**

**Jennie K. Bailey, Chief Deputy Auditor**

*Wayne County Administration Building*

<http://www.co.wayne.in.us/>

*Phone 765-973-9317*

*Fax 765-973-9339*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-001*** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Department of Health and Human Services – Health Center Program

Contact Person Responsible for Corrective Action: Kimberly Walton

Contact Phone Number: 765-973-9317

Status of Audit Finding: This finding was communicated to us during the 2018 annual audit. This finding has been corrected.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-002*** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Department of Health and Human Services – Health Center Program

Contact Person Responsible for Corrective Action: Kimberly Walton

Contact Phone Number: 765-973-9317

Status of Audit Finding: This finding was communicated to us during the 2018 annual audit. This finding has been corrected.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2018-003** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Department of Health and Human Services – Health Center Program

Contact Person Responsible for Corrective Action: Kimberly Walton

Contact Phone Number: 765-973-9317

Status of Audit Finding: This finding was communicated to us during the 2018 annual audit. This finding had not yet been corrected as of the beginning of the 2019 audit. Wayne County will no longer be the recipient of the grant as of the completion date of 06/01/2020.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-004*** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Department of Health and Human Services – Health Center Program

Contact Person Responsible for Corrective Action: Kimberly Walton

Contact Phone Number: 765-973-9317

Status of Audit Finding: This finding was communicated to us during the 2018 annual audit. This finding had not yet been corrected as of the beginning of the 2019 audit. Wayne County will no longer be the recipient of the grant as of the completion date of 06/01/2020.



**Kimberly A. Walton, Auditor**

**Jennie K. Bailey, Chief Deputy Auditor**

*Wayne County Administration Building*

<http://www.co.wayne.in.us/>

*Phone 765-973-9317*

*Fax 765-973-9339*

## CORRECTIVE ACTION PLAN

### ***FINDING 2019-001***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9317

Views of Responsible Official:

We are in agreement with the audit finding.

Description of Corrective Action Plan:

The Chief Deputy Auditor will work with the departments to better account for the grant receipts. The departments will use an excel spreadsheet that they will turn into the Chief Deputy. The Deputy will use an excel spreadsheet to tack all federal and non-federal grants. The Auditor will use the Deputy Auditor's excel spreadsheet and funds ledger to review the SEFA prior to submitting the Annual Financial Report.

Anticipated Completion Date: 02/28/2021

### ***FINDING 2019-002***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9317

Views of Responsible Official:

We are in agreement with the audit finding.

Description of Corrective Action Plan:

Wayne County will no longer be the recipient of the grant as of a completion date of 06/01/2020.

Anticipated Completion Date: Completed.

***FINDING 2019-003***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9317

Views of Responsible Official:

We are in agreement with the audit finding.

Description of Corrective Action Plan:

Wayne County will no longer be the recipient of the grant as of a completion date of 06/01/2020.

Anticipated Completion Date: Completed.

## 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/>.