

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/30/2020

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	13-21
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	24-26
Corrective Action Plan	27-32
Other Reports	33

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James E. McWhirt	01-01-19 to 12-31-20
County Treasurer	Tiffany N. Griffith	01-01-19 to 12-31-20
Clerk of the Circuit Court	Pamela K. Harris	01-01-19 to 12-31-20
County Sheriff	Reggial E. Nevels, Sr.	01-01-19 to 12-31-20
County Recorder	Kathy Foy	01-01-19 to 12-31-20
President of the Board of County Commissioners	Michael H. Burton Mark Bardsley	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of the County Council	Shane Middlesworth	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 GRANT 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 Grant 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 September 24, 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 items 2019-001, 2019-002, 2019-003, and 2019-004, 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 items 2019-001, 2019-002, 2019-003, and 2019-004.

Grant County's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 24, 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 GRANT COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Grant 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)

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.

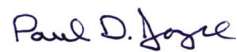
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 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 September 24, 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 24, 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.

GRANT 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 Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2019	\$ -	\$ 3,159
School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 2019	-	5,014
School Lunch Program			FY 2019	-	544
Commodities					
Total - National School Lunch Program				-	5,558
Total - Child Nutrition Cluster				-	8,717
Total - Department of Agriculture				-	8,717
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	A192-16-WFD-15-102	-	28,800
Total - Department of Housing and Urban Development				-	28,800
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	32061	-	17,162
			32193	-	45,121
Total - Crime Victim Assistance				-	62,283
Drug Court Discretionary Grant Program	Direct Grant	16.585	2016-DC-BX-0076	-	121,192
Family Dependency Treatment Court					
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	D3-18-12219	-	33,742
SPOTLIGHT (STOP)					
Bulletproof Vest Partnership Program	Direct Grant	16.607	FY 2019	-	2,735
Bullet Proof Vest					
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738	D3-18-12354	-	7,185
Major Crimes Investigate					
Total - Department of Justice				-	227,137

GRANT 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 Transportation</u>					
Highway Safety Cluster					
State and Community Highway Safety Operation Pullover	Indiana Department of Transportation	20.600	OPO-2019-00110	8,217	8,217
Total - Highway Safety Cluster				8,217	8,217
Minimum Penalties for Repeat Offenders for Driving While Intoxicated DUI & DUID	Indiana Department of Transportation	20.608	DUI-2019-00047	748	2,422
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205	Des # 1592888	-	15,636
Total - Highway Planning and Construction Cluster				-	15,636
Total - Department of Transportation				8,965	26,275
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Bioterrorism	Indiana State Department of Health	93.069	NU90TP922052	-	8,469
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bioterrorism	Indiana State Department of Health	93.074	U90TP000521	-	6,066
Child Support Enforcement Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2019	-	571,260
Total - Department of Health and Human Services				-	585,795
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Homeland Security	Indiana Department of Homeland Security	97.042	FFY 2018 EMPG	-	27,059
Homeland Security Grant Program Homeland Security	Indiana Department of Homeland Security	97.067	EMW-2017-SS-00003	-	5,800
Total - Department of Homeland Security				-	32,859
Total federal awards expended				\$ 8,965	\$ 909,583

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

GRANT 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.

GRANT 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?	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 Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Child Support Enforcement	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. The prior audit finding number was 2018-001.

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).

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the SEFA. The Chief Deputy Auditor entered the grant information into the Gateway site, and then the County Auditor reviewed the various grants and grant transactions that had been entered into Gateway. After review, the County Auditor submitted the report information. The County's internal control system did not prevent, or detect, errors on the (SEFA).

The SEFA contained the following errors:

1. The National School Lunch Program commodity expenditures were understated by \$544.
2. The amount reported as Passed Through to Subrecipient for the Minimum Penalties for Repeat Offenders for Driving While Intoxicated program was understated by \$748.
3. The Crime Victim Assistance program contained two grants one was overstated by \$6,531 and one was understated by \$6,531
4. The Highway Planning and Construction Cluster expenditures were understated by \$15,636.
5. The amount reported as Passed Through to Subrecipient for the Highway Safety Cluster was understated by \$9,144.
6. Child Support Enforcement expenditures were understated by \$37,337.
7. A Health and Human Services program identified with CFDA number 93.586 and expenditures of \$10,000 was reported in error.
8. Not all CFDA numbers, program names, grants, 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.

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. . . .

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

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

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

Cause

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

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls 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.

FINDING 2019-002

Subject: Financial Transactions and Reporting - County Treasurer
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2018-002.

Condition and Context

There were deficiencies in the internal control system of the County Treasurer's office related to bank account reconciliations.

Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered complete for any month during the audit period because each contained unidentified reconciling items. As of December 31, 2019, the difference between the adjusted bank balance and the County Auditor's Fund Ledger indicated a cash short of \$77,495, which was determined to be immaterial to the financial statement as a whole. The December 31, 2019 bank reconciliation contained various confirmed reconciling items that were dated as old as 2012.

Additionally, the County Treasurer's Monthly Financial Report (Form 47TR) is to be prepared by the 16th day of the following month. After our prior audit exit conference date of August 29, 2019, the remaining reports were prepared timely. However, these reports did not present the same reconciling items as the actual bank account reconciliations contained.

The lack of internal controls and noncompliance were systemic problems throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Indiana Code 36-2-10-16(a) states in part: "Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items: . . ."

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested, and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The report shall be prepared in quadruplicate, and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the Indiana State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 3)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Cause

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

Effect

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

Views of Responsible Officials

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

FINDING 2019-003

Subject: Financial Transactions and Reporting - Clerk
Audit Findings: Material Weakness, Noncompliance

Condition and Context

There were several deficiencies in the internal control system of the Clerk of the Circuit Courts (Clerk) office related to financial transactions and reporting.

1. **Monitoring of Controls:** The Clerk's office had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the County to monitor and assess the quality of the system of internal control.
2. The financial records do not properly reflect the activity of the Clerk's office. On multiple occasions, the Clerk did not receipt, nor deposit bonds received from the Grant County Sheriff in a timely manner. On one occasion, the Clerk received a bond check on July 5, 2019, in the amount of \$605 from the Sheriff. The check was not posted to the Clerk's records, nor deposited until January 8, 2020. On another occasion, the Clerk received a bond check on July 30, 2019, in the amount of \$505. This check was not posted to the Clerk's records, nor deposited until January 21, 2020. As a result, these receipts were not reported in the correct accounting period. Internal controls over recording and depositing of bond receipts were not effective.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

Cause

Management of the Clerk's office had not established a proper system of internal controls. An evaluation of the Clerk's system of internal controls had not been conducted. Management had not conducted a risk assessment related to the Clerk's financial reporting and transactions.

Effect

The failure to establish a system of internal controls enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Clerk's office at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, misstatements in a timely manner.

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2019-004

Subject: Financial Transactions and Reporting - County Sheriff
Audit Findings: Material Weakness, Noncompliance

Condition and Context

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

1. **Monitoring of Controls:** The County Sheriff's department had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the County Sheriff's department to monitor and assess the quality of the system of internal control.
2. Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered correct for any month during the audit period. Errors identified on each of the monthly reconciliations included: erroneous deposits in transit, omitted cash change funds, omitted depository balance, and outstanding checks over two years old. Only half of the reconciliations tested were reviewed by someone other than the preparer.
3. Controls over disbursements have been determined to be ineffective in preventing, or detecting and correcting, errors. There were multiple issues identified during the testing of disbursements including: unallowable disbursements, no supporting documentation, or insufficient documentation.
4. Controls over the Supplemental Annual Financial Report (SAFR) for Jail Commissary, Sheriff Inmate Trust, Sheriff Cashbook and Jean Team were in place; however, the controls were not effective. The amounts reported for the Jail Commissary and Sheriff Inmate Trust were incorrect. The amounts reported were bank account transactions using bank statements instead of financial ledger transactions and balances. The condition of Commissary and Inmate Trust records and lack of maintaining ledger reports contributed to the deficiency.

The lack of effective internal controls and noncompliance were systemic problems throughout the audit period.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

GRANT COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Cause

Management of the County Sheriff's department had not established a proper system of internal controls. An evaluation of the County Sheriff's department's system of internal controls had not been conducted. Management had not conducted a risk assessment related to the County Sheriff's department's financial reporting and transactions.

Effect

The failure to establish a proper system of internal controls enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County Sheriff's department at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, misstatements in a timely manner.

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

No matters are reportable.

(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.

James E. McWhirt
Grant County Auditor
Grant County Complex
401 S. Adams St., Room 222
Marion, IN 46953-2099

Phone: 765-668-6552

E-mail: jmcwhirt@grantcounty.net

FAX: 765-668-6582

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal Year in which the Finding Initially Occurred: 2012
Contact Person Responsible for Corrective Action: James E. McWhirt, County Auditor
Angie Jarvis, Chief Deputy Auditor
Contact Phone Number: (765) 668-6552

Status of Audit Finding:

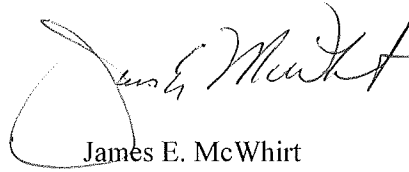
While reporting errors still occur, I believe it is important to note that no individual error is considered a material misstatement of the financial information, and none of the errors constitutes a material fraud risk. Primarily our errors result from not using the federal government's specified program names and properly identifying the various pass-through agencies. The nature of some of the federal grants involved, the fact that many individuals and distinct departments are involved in the process, the fact that the duties of the employees responsible for the process entail so much more than just federal grant reporting, and the lack of knowledge and experience with some of the various grants, all contribute to the environment that is conducive to the occurrence of reporting errors.

That statement is not intended to excuse errors. I am merely pointing out the reality of the environment that makes it difficult for perfection in this area to exist. I believe that my staff and the employees in other departments are aware of my expectation that we will post and report the County's federal grant transactions and the identifying program information correctly. I believe that it is fair to say that we are working toward that expectation. Internal and external communication, as well as the desire for timeliness and accuracy, is crucial for that objective to be realized.

Further, I submit that any reporting errors that occur at this time are not the result of a lack of a proper system of internal control. Our system entails the work of multiple people from various offices that are involved with the various federal grants. The final step in the process is that the County Auditor reviews the various grants and grant transactions that have been entered into the Gateway site by the Chief Deputy Auditor. The County Auditor then submits the report information that has been entered and reviewed. Obviously, the internal control process has not eliminated reporting errors from occurring. However, I don't think it is due to a lack of a proper system of internal controls. I believe it is more accurate to state that the reporting errors are the result of human error and sometimes inadequate communication between federal, state, and local officials.

Summary Schedule of Prior Audit Findings
Finding 2018-001
(page 2 of 2)

The staff in the County Auditor's office is striving to improve communication with the applicable federal and state departments and with the employees in the various offices and departments in Grant County government to eliminate posting and reporting errors pertaining to federal grant programs. Such communication should make it possible to correctly identify all federal grants for which we apply and receive. The staff in the County Auditor's office will continue efforts to eliminate human error so that future posting and reporting of federal grant programs will be perfect.



James E. McWhirt
County Auditor
Grant County, Indiana
Friday, August 7, 2020

Tiffany N. Griffith
Grant County Treasurer
Grant County Complex
401 S. Adams St., Room 229
Marion, IN 46953-2036

Phone: 765-668-6556

FAX: 765-651-0692

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2017

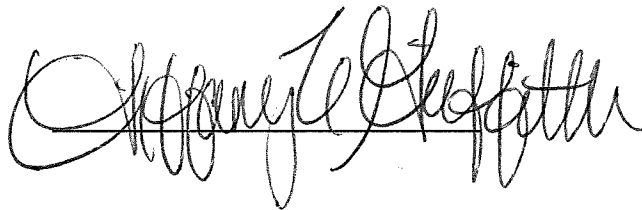
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Tiffany Griffith

Contact Phone Number: 765-668-6556

Status of Audit Finding:

Following the conclusion of the 2018 audit, the Treasurer's office has worked to implement corrective actions, as well as, working to complete all financial reporting in a timely manner. The Treasurer's office is continually focused on having daily communication with the Auditor's office, verifying all information is received, balancing to the funds ledger and completion of the bank reconciliation will continue to aid in the efforts of preventing deficiencies. Corrective actions were immediately established in office. These actions involve having segregated duties to all staff members, adhering to internal controls put in place to remove opportunity, provide cross-training in all areas to all team members, implementing a bi-annual performance evaluation for all staff members, mandating training each quarter for all staff members, completing a two-person review process for all financial reports and documentation, and verifying that all data entry is accurate.



____ Treasurer _____

____ August 17, 2020 _____

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)

James E. McWhirt
Grant County Auditor
Grant County Complex
401 S. Adams St., Room 222
Marion, IN 46953-2099

Phone: 765-668-6552

E-mail: jmcwhirt@grantcounty.net

FAX: 765-668-6582

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: James E. McWhirt, County Auditor
Angie Jarvis, Chief Deputy Auditor
Contact Phone Number: (765) 668-6552

Views of the Responsible Official:

While reporting errors still occur, I believe it is important to note that no individual error is considered a material misstatement of the financial information, and none of the errors constitutes a material fraud risk. Primarily our errors result from not using the federal government's specified program names and properly identifying the various pass-through agencies. The nature of some of the federal grants involved, the fact that many individuals and distinct departments are involved in the process, the fact that the duties of the employees responsible for the process entail so much more than just federal grant reporting, and the lack of knowledge and experience with some of the various grants, all contribute to the environment that is conducive to the occurrence of reporting errors.

That statement is not intended to excuse errors. I am merely pointing out the reality of the environment that makes it difficult for perfection in this area to exist. I believe that my staff and the employees in other departments are aware of my expectation that we will post and report the County's federal grant transactions and the identifying program information correctly. I believe that it is fair to say that we are working toward that expectation. Internal and external communication, as well as the desire for timeliness and accuracy, is crucial for that objective to be realized.

Further, I submit that any reporting errors that occur at this time are not the result of a lack of a proper system of internal control. Our system entails the work of multiple people from various offices that are involved with the various federal grants. The final step in the process is that the County Auditor reviews the various grants and grant transactions that have been entered into the Gateway site by the Chief Deputy Auditor. The County Auditor then submits the report information that has been entered and reviewed. Obviously, the internal control process has not eliminated reporting errors from occurring. However, I don't think it is due to a lack of a proper system of internal controls. I believe it is more accurate to state that the reporting errors are the result of human error and sometimes inadequate communication between federal, state, and local officials.

Description of Corrective Action Plan:

The staff in the County Auditor's office is striving to improve communication with the applicable federal and state departments and with the employees in the various offices and departments in Grant County government to eliminate posting and reporting errors pertaining to federal grant programs. Such communication should make it possible to correctly identify all federal grants for which we apply and receive. The staff in the County Auditor's office will continue efforts to eliminate human error so that future posting and reporting of federal grant programs will be perfect.

Anticipated Completion Date:

This "Corrective Action Plan" does not have a completion date. This is an on-going effort that will not end until federal grants are no longer received.

James E. McWhirt
County Auditor
Grant County, Indiana
Tuesday, September 22, 2020

Tiffany N. Griffith
Grant County Treasurer
Grant County Complex
401 South Adams Street, Suite 229

Marion, IN 46953

Phone: 765-668-6556

E-mail: treasurer@grantcounty.net

FAX: 765-651-0692

CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: Tiffany Griffith (County Treasurer)
Andrea Pritchett (Chief Deputy)

Contact Phone Number: 765-668-6556

Views of Responsible Official: We concur with the State Board of Accounts field examiners and their findings in the 2019 audit

Description of Corrective Action Plan:

Following the conclusion of the 2019 audit, the Treasurer's office remains confident that proceeding with daily communication with the Auditors' office, verifying all information is received, balancing to the funds ledger, and completion of the bank reconciliation will help to prevent any deficiencies. Immediate implementation of utilizing all resources and internal controls will allow for timely monthly financial report submissions. Working with the new financial software has allowed for all financial reports to be turned in by the 16th of the following month for all reports since July 2019. All reports have been turned in to the Auditor's office on or before the 16th of each month since the financial software change. The new financial software has helped tremendously in verifying that all documentation is being received and accounted for, as well as, having continuous transparency between the Auditor's and Treasurer's office alike. A designated person from the Auditor's office will be utilized to help in determining differences between the offices that can be accounted for in the bank reconciliation. The Treasurer's office will also be working with the Auditor's office, the financial software vendor, and the bank that houses the operational account to help clean up the outstanding items dating back to several years. Factors contributing to the lack of untimely submissions has been addressed and corrected as of July 2019 with submissions following the deadline of each month thereafter. The actions involved for this is the update and new financial software system that allows for transparency, efficiency, having proper segregation of duties in office, adhering to internal controls put in place to remove opportunity, provide cross-training in all areas to all team members, implementing bi-annual performance evaluations, complete a two-person review process for financial reports, and verify all data entry is accurate.

Anticipated Completion Date: Immediately

GRANT COUNTY CIRCUIT COURT CLERK

Pamela Kay Harris Clerk of Courts

CORRECTIVE ACTION PLAN

FINDING 2019 - 003

Contact Person Responsible for Corrective Action: Pamela K Harris - Clerk

Contact Phone Number: 765-668-8121

Views of Responsible Official: It is not the policy of this office to hold on to checks. But, I understand that from the few I was shown that it does appear that is what has happened.

Description of Corrective Action Plan: I will be speaking with my staff, reminding them of the importance of Posting and Depositing checks as they come into the office. If the appropriate paperwork has not reached our office yet, then we will need to place comments in "Find a Bond" category to safely hold the information until the corresponding documents have reached us.

I would also like to keep the lines of communication open between myself and the Sheriff's Office to help keep us on track.

Anticipated Completion Date: I will be speaking with my staff as early as tomorrow, Friday, September 25th, 2020.



GRANT COUNTY SHERIFF'S OFFICE

214 East Fourth Street, Marion, IN 46952

REGGIE E. NEVELS

SHERIFF

CORRECTIVE ACTION PLAN

FINDING 2019-004

Contact Person Responsible for Corrective Action: Sandie Graf
Contact Phone Number: 765-662-9836

Views of Responsible official: We agree with the repeat findings identified

1. Monitoring of Controls: The County Sheriff's Department had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the County Sheriff's Department to monitor and assess the quality of the system of internal control.

Monthly ledger reports of receipts and disbursements will be given to the Sheriff and Chief Deputy to personally review and approve.

2. Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered correct for any month during the audit period. Errors identified on each of the monthly reconciliations included: erroneous deposits in transit, omitted cash change funds, omitted depository balance, and outstanding checks over two years old. Only half of the reconciliations tested were reviewed by someone other than the preparer.

With the new software and proper training, bank account reconciliation should be conducted more efficiently. The proper procedure will be researched and implemented in correcting outstanding checks over tow years old. Monthly bank reconciliation reports and bank statements will be reviewe3d by _____ (Captain) on a monthly basis.

3. Controls over disbursements have been determined to be ineffective in preventing or detecting and correcting errors. There were multiple issues identified during the testing of disbursements including; unallowable disbursements, no supporting documentation or insufficient documentation.

Administrative Offices (765) 662-9836 Jail Administration (765) 668-6583 Emergency 911 or (765) 668-8168
Juvenile Detention (765) 662-9864 FAX (765) 668-6538

A list of approved expenditure items will be obtained through the Indiana Codes and will be implemented for future expenditures. All documentation will be required for expenditures. If the expenditures is split between two or more accounts copies will be made and attached to each copy.

4. Controls over the Supplemental Annual Financial Report (SAFR) for Jail Commissary, Sheriff Inmate Trust, Sheriff Cashbook and Jean Team were in place; however, the controls were not effective. The amounts reported for the Jail Commissary and Sheriff Inmate Trust were incorrect. The amounts reported were bank account transactions using bank statements instead of financial ledger transactions and balances. The condition of Commissary and Inmate Trust records and lack of maintaining ledger reports contributed to the deficiency.

We will review balances provided by the SBOA and the Auditor's office and compare them to our beginning and ending balances of the account ledgers in order to provide a correct SARF report for 2021.

Anticipated completion date is March 18, 2021

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/>.