

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MONTGOMERY COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
12/17/2020

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.....	13-18
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-22
Corrective Action Plan	23-25
Other Reports.....	26

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jennifer Andel	01-01-19 to 12-31-20
County Treasurer	Heather Laffoon	01-01-19 to 12-31-20
Clerk of the Circuit Court	Karyn D. Douglas	01-01-19 to 12-31-20
County Sheriff	Ryan Needham	01-01-19 to 12-31-20
County Recorder	Jennifer Bentley	01-01-19 to 12-31-20
President of the Board of County Commissioners	James D. Fulwider	01-01-19 to 12-31-20
President of the County Council	Terry Hockersmith (deceased) Tom Mellish (interim) Tom Mellish	01-01-19 to 08-06-20 08-07-20 to 09-07-20 09-08-20 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 MONTGOMERY 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 Montgomery 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 December 2, 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, and 2019-003, 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 2019-003.

Montgomery 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
Paul D. Joyce, CPA
State Examiner

December 2, 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 MONTGOMERY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Montgomery 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 December 2, 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
Paul D. Joyce, CPA
State Examiner

December 2, 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.

MONTGOMERY 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 Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Planning Grt#A192-18-PL17-012	Indiana Office of Community and Rural Affairs	14.228	B17DC180001	\$ -	\$ 50,000
Total - Department of Housing and Urban Development				-	50,000
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program Bulletproof Vest 18/19 Grant	Direct	16.738	JAG-2018	-	3,815
Juvenile Justice and Delinquency Prevention 2017-2018 Title II Formula Grant	Indiana Criminal Justice Institute	16.540	EDS#D3-18-12326	-	15,114
Total - Department of Justice				-	18,929
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Countywide Bridge Inspection 2018-21 Country Club Road Project	Indiana Department of Transportation	20.205	DES 1500242	-	79,749
		20.205	DES 1600764	-	(25,418)
Total - Highway Planning and Construction				-	54,331
Total - Highway Planning and Construction Cluster				-	54,331
Interagency Hazardous Materials Public Sector Training and Planning Grants FY19 HMEP Conference Grant	Indiana Department of Homeland Security	20.703	HMHMP0548160100	-	2,690
Total - Department of Transportation				-	57,021
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements PHEP Grant 18/19	Indiana State Department of Health	93.074	U90TP000521	-	1,252

MONTGOMERY 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
Injury Prevention and Control Research and State and Community Based Programs Overdose Response	Indiana State Department of Health	93.136	40093136PDSPX19	-	10,777
Child Support Enforcement Reimbursement - Clerk	Indiana Department of Child Services	93.563	2019	-	8,853
Reimbursement - Prosecutor		93.563	2019	-	235,323
Indirect Costs		93.563	2019	-	118,884
Clerk Gen IV D Incentive		93.563	2019	-	9,963
Prosecutor IV D Incentive		93.563	2019	-	39,335
Total - Child Support Enforcement				-	412,358
Total - Department of Health and Human Services				-	424,387
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants 2018 EMPG Grant	Indiana Department of Homeland Security	97.042	EMC-2018-EP-00005	-	52,753
Homeland Security Grant Program 2017-2019 SHSP Grant	Indiana Department of Homeland Security	97.067	EMW-2017-SS-00003	-	116,850
2018 SHSP Grant		97.067	EMW-2018-SS-00011	-	136,233
Total - Homeland Security Grant Program				-	253,083
Total - Department of Homeland Security				-	305,836
Total federal awards expended				\$ -	\$ 856,173

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

MONTGOMERY 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. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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.

MONTGOMERY 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: Financial Transactions and Reporting - County Auditor
Audit Finding: Material Weakness

Condition and Context

The County Auditor had not established effective internal controls related to financial transactions and reporting of receipts. The County Auditor did not have an effective internal control system in place over receipts to prevent or detect errors in a timely manner. The County Auditor indicated that they had an internal control in place to review all receipts every six months. As a result, errors were not always detected timely.

MONTGOMERY 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. . . ."

Cause

Management of the County Auditor's office had not established an effective system of internal controls that separated key functions.

Effect

The failure to establish a system of internal controls could have enabled material 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 2019-002

Subject: Financial Transactions and Reporting - Clerk of the Circuit Court
Audit Finding: Material Weakness

Condition and Context

The Clerk of the Circuit Court (Clerk) had not established effective internal controls related to financial transactions and reporting of receipts and disbursements. An oversight, review, and approval process was not documented over the Clerk's daily receipt reports and check registers.

MONTGOMERY 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. . . ."

Cause

Management of the Clerk's office had not established and documented a proper system of internal controls that separated key functions.

Effect

The failure to establish a system of internal controls could have enabled material 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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

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

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 County failed to properly review the federal grant information prepared and submitted into the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA, for accuracy prior to submission.

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Due to the lack of effective internal controls, the SEFA presented for audit contained the following errors:

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii expenditures were overstated by \$29,600.
2. The Highway Planning and Construction program was omitted, which understated expenditures by \$54,331.
3. The Child Support Enforcement expenditures were understated by \$355,973.
4. The Emergency Management Performance Grants expenditures were understated by \$47,450.
5. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$40,330, in total.
6. Other errors included incorrect program names, pass-through entities, and identifying numbers.

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. . . ."

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

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*.

MONTGOMERY 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.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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



Jennifer Andel
Montgomery County Auditor

100 E Main Street, Room 102
Crawfordsville, Indiana 47933

Phone: 765-364-6400

Fax: 765-364-6404

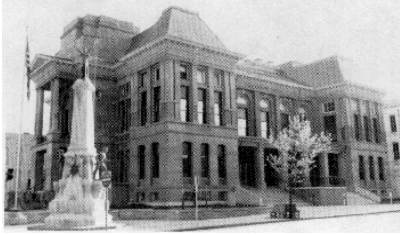
Email: auditor@montgomerycounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Internal controls regarding supplemental departmental funds have been increased to assess the continuity of statement/records/appearance on the AFR. Additional training of departmental staff has also occurred regarding the supplemental fund reports.



Karyn Douglas
***Montgomery Circuit, Superior, &
County Court Clerk***

100 E Main Street P. O. Box 768 • Crawfordsville, IN 47933 • (765) 364-6430 Fax (765) 364-6355

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Karyn D Douglas

Contact Phone Number: 765-364-6434

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: As of the notification from the State Board of Accounts Auditor, we immediately corrected the lack of documentation on the monthly bank reconcilements. The office is continuing to check and match all reconcilements with the reports but now initials the paperwork every day to show that we are in compliance and reviewing this paperwork daily. This was corrected in 2019.



Jennifer Andel
Montgomery County Auditor

100 E Main Street, Room 102
Crawfordsville, Indiana 47933

Phone: 765-364-6400

Fax: 765-364-6404

Email: auditor@montgomerycounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Since this is being discussed on 12/2/2020, most, if not all, of the steps associated the corrective plan will occur during calendar year 2021. The County Auditor will begin analyzing the areas and/or departments where obtaining accurate grant information is most challenging, investigating other counties' grant policies, and holding discussions with local department heads. From that, and with the help of multiple county resources, a grant policy will be developed. It should require that specific information associated with the SEFA, distributions, receipts, date ranges, pass-through agencies, reporting requirements, follow-up and closure information be provided to the Auditor's office.

Additionally, multiple people within the Auditor's staff will be trained on the policy, and participate in the controls regarding the SEFA.



Jennifer Andel
Montgomery County Auditor

100 E Main Street, Room 102
Crawfordsville, Indiana 47933

Phone: 765-364-6400

Fax: 765-364-6404

Email: auditor@montgomerycounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Jennifer Andel

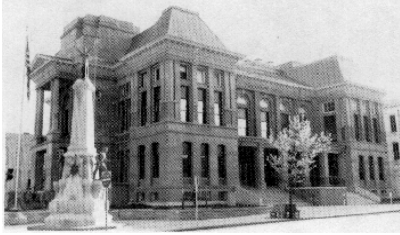
Contact Phone Number: 765-364-6403

Views of Responsible Official: I agree that firmer controls need to be in place for the regular review of receipts. Nothing can be done to the actual Quietus prior to the completion of it in the financial system, so all corrections or adjustments will happen after the fact. Internal audits of Quietuses should happen more frequently in order to process corrections on a regular schedule to decrease the timeline.

Description of Corrective Action Plan:

Moving forward, internal audits of the receipts will be performed on a quarterly basis, with the corrections needed performed within 20 days of the end of the quarter. Weaknesses in the information used for receipts will be identified based on what is detected in those audits, and enhanced instructions and/or training will be provided as needed.

Anticipated Completion Date: 02/29/2021



Karyn Douglas
***Montgomery Circuit, Superior, &
County Court Clerk***

100 E Main Street P. O. Box 768 • Crawfordsville, IN 47933 • (765) 364-6430 Fax (765) 364-6355

CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: Karyn D Douglas, Clerk
Contact Phone Number: 765-364-6434

Views of Responsible Official: I am in agreement with the finding

Description of Corrective Action Plan:

The finding was that there were not controls in place with the Clerk's Trust and Child Support receipts and disbursements.

Internal controls had already been established but not documented. The office now documents and initials that two employees have checked and initialed all paperwork with regard to daily deposits and any receipts and disbursements.

Anticipated Completion Date: Effective immediately and will continue in the future.



Jennifer Andel
Montgomery County Auditor

100 E Main Street, Room 102
Crawfordsville, Indiana 47933

Phone: 765-364-6400

Fax: 765-364-6404

Email: auditor@montgomerycounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2019-003

Contact Person Responsible for Corrective Action: Jennifer Andel

Contact Phone Number: 765-364-6403

Views of Responsible Official: Agreed. The County needs an official grant policy to help with the information-gathering, and more internal training needs to be performed in efforts to detect and correct errors to the SEFA.

Description of Corrective Action Plan: Since this is being discussed on 12/2/2020, most, if not all, of the steps associated the corrective plan will occur during calendar year 2021. The County Auditor will begin analyzing the areas and/or departments where obtaining accurate grant information is most challenging, investigating other counties' grant policies, and holding discussions with local department heads. From that, and with the help of multiple county resources, a grant policy will be developed. It should require that specific information associated with the SEFA, distributions, receipts, date ranges, pass-through agencies, reporting requirements, follow-up and closure information be provided to the Auditor's office.

Additionally, multiple people within the Auditor's staff will be trained on the policy, and participate in the controls regarding the SEFA.

Anticipated Completion Date: 12/31/2021

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/>.