

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

VIGO COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
12/30/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James W. Bramble	01-01-19 to 12-31-20
County Treasurer	Nancy S. Allsup	01-01-19 to 12-31-20
Clerk of the Circuit Court	Bradley M. Newman	01-01-19 to 12-31-20
County Sheriff	John A. Plasse	01-01-19 to 12-31-20
County Recorder	Stacey J. Todd	01-01-19 to 12-31-20
President of the Board of County Commissioners	Brad A. Anderson	01-01-19 to 12-31-20
President of the County Council	Aaron D. Loudermilk Michael Morris	01-01-19 to 12-31-19 01-01-20 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
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF VIGO 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 statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Vigo County (County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2020, wherein we noted the capital assets of the aggregate discretely presented component units were not valued in accordance with generally accepted account principles the effect of which was undetermined on the assets and net position.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 statements, 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 statements 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 and 2019-002, 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
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are 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 and 2019-002.

Vigo 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 statements 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

December 22, 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 VIGO COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Vigo 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.

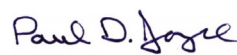
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 statements of governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 22, 2020, which contained a modified opinion on the aggregate discretely presented component units and an unmodified opinion on each of the remaining opinion units on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.


Paul D. Joyce, CPA
State Examiner

December 22, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program Non-Reverting Lunch 8322.09900	Indiana Department of Education	10.553	FY 2019	\$ -	\$ 11,021
National School Lunch Program Non-Reverting Lunch 8322.09900	Indiana Department of Education	10.555	FY 2019	-	16,969
Total - Child Nutrition Cluster				-	27,990
Total - Department of Agriculture				-	27,990
Department of Justice					
Crime Victim Assistance					
VOCA - Victim of Crime 8103.09953 2018 VOCA VC Staff CASA 8112.09953	Indiana Criminal Justice Institute	16.575	EDS #D3-18-12270 EDS #D3-17-11522	-	37,220 66,747
Total - Crime Victim Assistance				-	103,967
Edward Byrne Memorial Justice Assistance Grant Program Public Defender ICJI Grant 1000.09953	Indiana Department of Justice	16.738	EDS #D3-17-11658	-	16,110
Total - Department of Justice				-	120,077
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
SFY 2012-2015 Transportation Improvement Program DES 1500254	Indiana Department of Transportation	20.205	DES 1500254	-	161,608
SFY 2012-20105 Transportation Improvement Program DES 1700440			DES 1700440	-	9,788
Transportation Improvement Program Des 1600483 Lafayette to Haythorne to Park			DES 1600483	-	27,148
Transportation Improvement Program DES 1700439			DES 1700439	-	29,788
Transportation Improvement Program DES 1700438			DES 1700438	-	20,603
Transportation Improvement Program (DES 1401314) Springhill to 7th St			DES 1401314	-	44,220
Transportation Improvement Program (Des 1700437) Bridge 37			DES 1700437	-	16,176
Total - Highway Planning and Construction				-	309,331
Recreational Trails Program Recreational Trails Program 8440.09953	Indiana Department of Natural Resources	20.219	RT-18-007	-	3,920
Total - Highway Planning and Construction Cluster				-	313,251
Highway Safety Cluster					
State and Community Highway Safety					
Stop Arm Violation Enforcement 8310.09953	Indiana Criminal Justice Institute	20.600	69A37519300004020INO	-	2,120
FY2019 Operation Pull Over Enforcement Grant VCSD 1000.02200			OPO-2019-00108	-	9,396
FY2019 Operation Pull Over Enforcement Grant THPD 8315.09953			OPO-2019-00108	-	48,302
FY2019 Operation Pull Over Enforcement Grant WTHPD 8315.09953			OPO-2019-00108	-	3,890
Total - State and Community Highway Safety				-	63,708
Total - Highway Safety Cluster				-	63,708
Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
FY 2019 DUI & DUID Taskforce Grant THPD 8315.09553	Indiana Department of Health	20.608	DUI-2019-00046	-	13,489
FY 2019 DUI & DUID Taskforce Grant VCSC 1000.02200			DUI-2019-00046	-	5,709
FY2019 DUI & DUID Taskforce Grant WTH 8315.09953			DUI-2019-00046	-	5,772
Total - Minimum Penalties for Repeat Offenders for Driving While Intoxicated				-	24,970

VIGO 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
Interagency Hazardous Materials Public Sector Training and Planning Grants LEPC-Hazardous Materials Emergency Preparedness Program (HMEP) 1152.09953	Indiana Department of Homeland Security	20.703	2018 HMEP RFE62109	-	525
Total - Department of Transportation				-	402,454
<u>Department of Health and Human Services</u>					
2018 HAVA Election Security Grants Election Security Grant 90.404 - 8115.09953	Secretary of State of Indiana	90.404	CY 2019	-	51,234
Substance Abuse and Mental Health Services Projects of Regional and National Significance Veterans Grant SAMHSA 93.243 - 8235 Drug Court SAMHSA Grant 93.243 - 8230	Indiana Supreme Court	93.243	1H79TI081161-01 1H79TI081171-01	-	60,981 98,036
Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance				-	159,017
Immunization Cooperative Agreements Health Immunization Grant 8109.09953	Indiana Department of Health	93.268	6635	-	20,932
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds Health Immunization Grant 8119.09953	Indiana Department of Child Services	93.539	0462-1989.9	-	33,112
Child Support Enforcement Title IV-D Child Support Reimb (Regular) 1000.03102 New Clerk Incentive Child Support (Indirect Costs)1000.02714 Prosecutor Incentive 8897 County General Incentive/Superior Court IV-D/Child Support 8895.08609	Indiana Department of Child Services	93.563	FY 2019 FY 2019 FY 2019 FY 2019 FY 2019	- - - - -	794,106 62,034 146,370 56,368 23,952
Total - Child Support Enforcement				-	1,082,830
State Court Improvement Program 93.586 Court Improvement Grant 8240.09953	Indiana Supreme Court	93.586	CIP 2018B	-	3,248
Total - Department of Health and Human Services				-	1,350,373
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants 2018 EMPG Competitive Funds 8223.09953 EMA Performance Grants (Salaries)	Indiana Department of Homeland Security	97.042	EMC-2019-EP-00003-S01 EMC-2019-EP-00003-S01	- -	4,500 65,692
Total - Emergency Management Performance Grants				-	70,192
Homeland Security Grant Program 2018 State Homeland Security Program 8223.09953	Indiana Department of Homeland Security	97.067	EMW-2018-SS-00011	-	17,590
Total - Department of Homeland Security				-	87,782
Total federal awards expended				\$ -	\$ 1,988,676

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

VIGO 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.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

<u>Name of Opinion Unit</u>	<u>Opinion Issued</u>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
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 Reporting, Discretely Presented Component Units
Audit Findings: Material Weakness, Modified Opinion

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The County had not established effective internal controls related to financial reporting and discretely presented component units.

Financial Reporting

The County had implemented an internal control that required the financial statements and adjusting entries to be approved by management, but the internal control was not effective to ensure timely, complete, and accurate financial reports. The financial statements and notes to financial statements contained the following two misstatements: one major governmental fund was misclassified as a nonmajor governmental fund and one discretely presented component was not a component of the County.

Adjustments were proposed, approved by the County, and made to the financial statements.

Discretely Presented Component Units

The County had implemented an internal control that required the financial statements and adjusting entries to be approved by management, but the internal control was not effective to ensure the balances of its discretely presented component units were accurately reported in the financial statements. The Capital assets of the discretely presented component units were reported at full value and not net of accumulated depreciation, as required by accounting principles generally accepted in the United States of America. This resulted in an overstatement of capital assets.

These adjustments were not made. This resulted in an opinion modification.

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:

"The control environment is the basic commonality for all and comprises the integrity and ethical values of the political subdivision established by the oversight body and management. The standards, processes, and structures which form the control environment pervasively impact the overall system of internal control. The oversight body and management convey leadership expectations, and overall tone which are reinforced by all officials and management throughout the various offices and departments. The control environment also contains the overall accountability structure for all employees through performance and reward measures. Within this structure, leadership demonstrates commitment to the political subdivision by having a process for attracting, developing, and retaining competent individuals. This component is static in that its underpinnings do not generally change with a given objective. . . .

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . .

Management identifies risks to the achievement of the political subdivision's objectives across the unit as a whole and within each office or department. Analysis of risk through determination of objective measures and variance tolerance is the basis for determining how the risks should be managed. The response to risk is selected: acceptance, avoidance, reduction, or sharing. . . .

Internal control is a process, and part of that process is the responsibility for management to be continually aware of changes, both external and internal, that could affect the achievement of the political subdivision's objectives. Those changes should be analyzed for both their immediate effect and for any future impact. Management would then determine any modifications needed in the internal control process to adapt to these changes.

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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties."

Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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 material misstatements or irregularities to occur and 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: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). The Deputy County Auditor prepared the ledger reports and the Chief Deputy County Auditor reviewed the ledgers, and input the federal award information into Gateway; however, the internal control was not effective and failed to detect material errors.

The SEFA contained the following errors:

1. The School Breakfast Program was omitted from the SEFA which understated the federal expenditures by \$11,021.
2. The Immunization Cooperative Agreements was overstated by \$33,112.
3. The 2018 HAVA Election Security Grants was omitted from the SEFA, which understated the federal expenditures by \$51,234.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

4. The PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds was understated by \$33,112.
5. The Child Support Enforcement was overstated by \$56,829.
6. Not all CFDA numbers, program names, and identifying numbers were correct or listed.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

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 controls 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. . . ."

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

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

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

Cause

The County's management had not established an effective 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*.

Views of Responsible Officials

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

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

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



Vigo County Auditor
VIGO COUNTY ANNEX
131 OAK STREET
TERRE HAUTE, INDIANA 47807
(812) 462-3261 FAX: (812) 231-0091

James W. Bramble, CPA, Auditor
james.bramble@vigocounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Corrective action was taken for second quarter 2019

James W Bramble
Vigo County Auditor
October 28, 2020



Vigo County Auditor
VIGO COUNTY ANNEX
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james.bramble@vigocounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: James Bramble, Auditor

Contact Phone Number: 812-462-3361

Views of Responsible Official:

The County concurs with the findings. In regard to the discreetly presented component units the County does not have the authority to compel the component units to provide the needed information. The County can only request that it be provided.

Description of Corrective Action Plan:

The major fund misclassified as nonmajor will be correctly classified in future financial statements. Information needed to properly state capital assets of component units will be requested from the respective units prior to submission of the County's financial statements

Anticipated Completion Date: January 1, 2021



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james.bramble@vigocounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: James Bramble

Contact Phone Number: 812-462-3361

Views of Responsible Official:

We concur with the finding

Description of Corrective Action Plan:

We will send a memo to all departments instructing them to inform the Auditor when applying for a grant. The department applying for a grant will be required to provide the grant application, approval, any correspondence or documentation and records of grant receipts and expenditures to Auditor's office.

Anticipated Completion Date: January 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/>.