

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MONROE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
12/31/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Catherine C. Smith	01-01-19 to 12-31-20
County Treasurer	Jessica McClellan	01-01-19 to 12-31-20
Clerk of the Circuit Court	Nicole Browne	01-01-19 to 12-31-20
County Sheriff	Brad Swain	01-01-19 to 12-31-20
County Recorder	Eric Schmitz	01-01-19 to 12-31-20
President of the Board of County Commissioners	Julie Thomas	01-01-19 to 12-31-20
President of the County Council	Shelli Yoder Eric Spoonmore	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 MONROE 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 Monroe 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 29, 2020.

***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 item 2019-001, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
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 item 2019-001.

***Monroe 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 29, 2020



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

TO: THE OFFICIALS OF MONROE COUNTY, INDIANA

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

We have audited Monroe County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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

**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial 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 29, 2020, which contained unmodified opinions 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 29, 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.

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MONROE 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 Justice</u>					
Crime Victim Assistance Prosecutor - 8121	Indiana Criminal Justice Institute	16.575	2016-VA-GX-0017; 2017-VA-GX-0004	\$ -	\$ 43,674
Violence Against Women Formula Grants Prosecutor - 8123 Prosecutor - 8123	Indiana Criminal Justice Institute	16.588	Contract #38339 EDS# D3-18-12207; 6207	-	17,784
				-	77,980
Total - Violence Against Women Formula Grants				-	95,764
Total - Department of Justice				-	139,438
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
Highway - 1169 Fullerton Pike			DES #0801059	-	49,752
Highway - 1169 Sample Road			DES #1400783	-	670,095
Highway - 1135 Bridge Inspection			DES #1500210	-	131,957
Highway - 1138 Bicentennial Trail			DES #902215	-	89,276
Highway - Kinser Pike Bridge 46 -1135			DES #1173326	-	148,000
Highway - Fullerton Pike PH II - 4922			DES #1500523	-	202,889
Highway - Sample Road -1169			DES #1900467	-	2,838
Total - Highway Planning and Construction				-	1,294,807
Recreational Trails Program Commissioners 1138	Indiana Department of Natural Resources	20.219	Contract #15952	-	168,454
Federal Lands Access Program	Indiana Department of Transportation	20.224	DES# 1500523	-	9,437
Total - Highway Planning and Construction Cluster				-	1,472,698
Federal Transit Cluster Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs Commissioners - 8106	Indiana Department of Transportation	20.526	FY 2019 Capital	88,160	88,160
Total - Federal Transit Cluster				88,160	88,160
Highway Safety Cluster State and Community Highway Safety Sheriff - 8103	City of Bloomington	20.600	FY 2018-2019	-	22,695
Alcohol Impaired Driving Countermeasures Incentive Grants I Sheriff - 8124	City of Bloomington	20.601	FY 2018-2019	-	1,514
Total - Highway Safety Cluster				-	24,209
Airport Improvement Program Airport - 8101 Airport - 8101 Airport - 8101	Direct Grant	20.106	3-18-0006-033-2017 3-18-0006-034-2018 3-18-0006-035-2019	-	16,705
				-	566,502
				-	577,262
Total - Airport Improvement Program				-	1,160,469

MONROE 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
Formula Grants for Rural Areas and Tribal Transit Program Commissioners - 8106 Commissioners - 8106	Indiana Department of Transportation	20.509	FY 2019 Operating IN1803609O	526,244 <u>162,410</u>	526,244 <u>162,410</u>
Total - Formula Grants for Rural Areas and Tribal Transit Program				<u>688,654</u>	<u>688,654</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants Emergency Management - 1152 Emergency Management - 1152	Indiana Department of Homeland Security	20.703	FFY 2018 FFY 2019	- <u>-</u>	1,280 <u>3,500</u>
Total - Interagency Hazardous Materials Public Sector Training and Planning Grants				<u>-</u>	<u>4,780</u>
Total - Department of Transportation				<u>776,814</u>	<u>3,438,970</u>
<u>Environmental Protection Agency</u>					
State Indoor Radon Grants Health - 8152	Indiana State Department of Health	66.032	Contract #29249	<u>-</u>	<u>2,972</u>
Total - Environmental Protection Agency				<u>-</u>	<u>2,972</u>
<u>Department of Health and Human Services</u>					
TANF Cluster Temporary Assistance for Needy Families TANF Futures 93.558	Indiana Family Health Council	93.558	TANF Futures 93.558	<u>-</u>	<u>42,174</u>
Total - TANF Cluster				<u>-</u>	<u>42,174</u>
Immunization Cooperative Agreements Health - 8138 Health - 8138	Indiana State Department of Health	93.268	Contract #26596; FY 2019 Contract #35685; FY 2020	- <u>-</u>	6,315 <u>17,541</u>
Total - Immunization Cooperative Agreements				<u>-</u>	<u>23,856</u>
Public Health Emergency Preparedness Health - 8104	Indiana State Department of Health	93.069	Contract # 35747	<u>-</u>	<u>532</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Health - 8102	Indiana State Department of Health	93.074	Contract #26931	<u>-</u>	<u>17,104</u>
Injury Prevention and Control Research and State and Community Based Programs Health - 8155	Indiana State Department of Health	93.136	Contract # 24298; Amend 2	<u>-</u>	<u>10,069</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds Health - 8138	Indiana State Department of Health	93.539	Contract #26596	<u>-</u>	<u>53,466</u>

MONROE 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
Child Support Enforcement	Indiana Department of Child Services	93.563			
Clerk Expenditures - 1000			FY 2019	-	66,406
Prosecutor's Incentive - 8897			FY 2019	-	11,897
Prosecutor Expenditures			FY 2019	-	710,895
Courts - 8895 County's Incentive			FY 2019	-	31,282
Indirect Costs - Title IV-D			FY 2019	-	175,747
Clerks - 8899 Clerk's Incentive			FY 2019	-	8,550
Court Cost Expenditures - 1000			FY 2019	-	188,680
				-----	-----
Total - Child Support Enforcement				-	1,193,457
Basic Center Grant	Direct Grant	93.623			
YSB - 8120			90CY7027-01-00	-	144,354
YSB - 8120			90CY7027-02-00	-	19,664
				-----	-----
Total - Basic Center Grant				-	164,018
HIV Care Formula Grants	Indiana State Department of Health	93.917			
Health - 1159			Contract #23700	-	112,199
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	Indiana State Department of Health	93.354			
Health - 8153			Contract # 30402 Amendment #1	-	70,765
HIV Prevention Activities Health Department Based	Indiana State Department of Health	93.940			
Health - 8153			Contract # 30402	-	56,242
Health - 8153			Contract #24600	-	12,556
				-----	-----
Total - HIV Prevention Activities Health Department Based				-	68,798
Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994			
Health - 8129			Contract #22317	-	35,159
Family Planning Services	Indiana Family Health Council	93.217			
Futures Clinic 93.217			Futures Clinic	-	123,725
				-----	-----
Total - Department of Health and Human Services				-	1,915,322
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
Emergency Management - 8145			EMC-2018-EP-00005	-	63,496
				-----	-----
Total - Department of Homeland Security				-	63,496
Total federal awards expended				\$ 776,814	\$ 5,560,198

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

MONROE 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.

MONROE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental activities	Unmodified
Aggregate discretely presented component units	Unmodified
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 programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Highway Planning and Construction Cluster Child Support Enforcement	Unmodified Unmodified

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

Auditee qualified as low-risk auditee? no

**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 report. The prior audit finding number was 2018-001.

MONROE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 had not established effective internal controls over the federal award information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's SEFA. The Financial Director compiled and input the information for the federal awards into Gateway. The information was reviewed and approved by the County Auditor prior to submission; however, the internal control was not effective.

The SEFA contained the following errors:

1. The Violence Against Women Formula Grants expenditures were overstated by \$15,289.
2. The Federal Lands Access Program expenditures were understated by \$9,437 and were incorrectly reported as Highway Planning and Construction expenditures.
3. The Highway Planning and Construction expenditures were overstated by \$9,760.
4. The Immunization Cooperative Agreements expenditures for Contract #35685 were understated by \$10,660 and were incorrectly reported as PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds expenditures.
5. The PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds expenditures for Contract #26596 were understated by \$27,406 and were incorrectly reported as Immunization Cooperative Agreements expenditures.
6. The Child Support Enforcement expenditures were overstated by \$335,099.
7. The Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response expenditures were understated by \$70,765 and were incorrectly reported as HIV Prevention Activities Health Department Based expenditures.
8. The Emergency Management Performance Grants expenditures were understated by \$46,262.
9. 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:

MONROE 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. . . ."

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.

MONROE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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 implemented effective 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.

**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.



**CATHERINE C. SMITH**  
Monroe County Auditor

---

Courthouse, Room 209  
100 West Kirkwood Avenue  
Bloomington, IN 47404  
Office (812) 349-2510  
Fax (812) 349-2280

## MEMORANDUM FOR RECORD

### **Auditor's Office Summary Schedule of Prior Audit Findings (Submitted for Audit Year 2019)**

***FINDING 2018-001*** (Preparation of the Schedule of Expenditures of Federal Awards)  
Fiscal year in which the finding initially occurred: 2013

Status of Audit Finding:

Finding 2018-001 has not been fully corrected and will be repeated for 2019. Monroe County was still in the process of correcting our use of the SEFA in 2019 but has made tremendous progress. After review and discussion of the current and prior finding, the County anticipates full correction for 2020 after receiving clarification on how to correctly report the Child Support Enforcement Grant. Additionally, the other issues noted on the finding will be corrected through new controls that will be implemented immediately.

Moving forward, all addendums, remittance notices, and LPA Vouchers will be reviewed carefully to ensure the CFDA number has not changed. Further, the County will also compare state reports to the grant agreements/documents to ensure grant names, and other information is stated appropriately.

Respectfully submitted,

Monroe County Auditor



**CATHERINE C. SMITH**  
Monroe County Auditor

Courthouse, Room 209  
100 West Kirkwood Avenue  
Bloomington, IN 47404  
Office (812) 349-2510  
Fax (812) 349-2280

**CORRECTIVE ACTION PLAN**

**FINDING 2019-001 Preparation of the SEFA**

Contact Person Responsible for Corrective Action: Catherine Smith  
Contact Phone Number: 812-360-2338/812-349-2531

**Views of Responsible Official:**

Monroe County continues to struggle with the form, fit and function of the SEFA and our ability to accurately report each and every grant completely on this important document.

For grant financials starting in January 2018, grants have been tracked using an in-house designed database. This database is a stand-alone database and is only tracking Monroe County grants. This information is used to populate reporting fields on the SEFA. Monroe County was still in the process of correcting our use of the SEFA in 2019 but has made tremendous progress. After review and discussion of the current and prior finding, the County anticipates full correction for 2020 after receiving clarification on how to correctly report the Child Support Enforcement Grant. Additionally, the other issues noted on the finding will be corrected through new controls that will be implemented immediately.

Our collective disconnect seems to be as the county receives grant money, there is sometimes confusion with categorizing, in general. An example of confusion would be--is the grant a direct award or is the pass thru agent the reporting mechanism? This confusion complicates our ability to correctly categorize the grants of the SEFA, resulting in over or understating receipts and expenditures. Understanding the exact CFDA number and how that merges into our funds and is reported on the SEFA is paramount to correctly reporting the exact picture of our grant position. The funds which are similar in nature, sometimes are simply becoming grouped incorrectly and mis-categorized and subsequently misreported on the SEFA in the incorrect category.

**Description of Corrective Action Plan:**

Moving forward, all addendums, remittance notices, LPA Vouchers, and contracts will be reviewed, and carefully audited to ensure the CFDA number has not changed and other pertinent information is in agreement. Further, the County will also compare state reports to the grant agreements/documents to ensure grant names, and other information is stated appropriately. Between the Grant Manager's review, the Internal Auditor's audits of the information, and the new understanding of how to report the Child Support Enforcement Grant, we feel strongly the proper controls are in place to circumvent future errors.

**Anticipated Completion Date:**

This is an ongoing process that has already been implemented.

Respectfully submitted,

*Catherine Smith,*

Monroe County Auditor

## 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/>.