

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

FULTON COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

09/03/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christina Sriver	01-01-20 to 12-31-21
County Treasurer	Katherine L. Easterday	01-01-20 to 12-31-21
Clerk of the Circuit Court	Teresa M. Furnivall	01-01-20 to 12-31-21
President of the Board of County Commissioners	Bryan W. Lewis	01-01-20 to 12-31-21
President of the County Council	Phyl Olinger	01-01-20 to 12-31-21



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 FULTON 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 Fulton County (County), for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated August 19, 2021, 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 2020-001 and 2020-002, 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
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 2020-001.

Fulton County's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 19, 2021



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 FULTON COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Fulton 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, 2020. 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, 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
(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, 2020, and the related notes to the financial statement. We issued our report thereon dated August 19, 2021, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.


Paul D. Joyce, CPA
State Examiner

August 19, 2021

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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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FULTON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

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>					
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii COVID-19 Relief Program for Fulton County	Indiana Office of Community and Rural Affairs	14.228	B19DC18001	\$ 248,500	\$ 250,000
Total - COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>248,500</u>	<u>250,000</u>
Total - Department of Housing and Urban Development				<u>248,500</u>	<u>250,000</u>
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
INDOT Bridge Inspections			1592158	-	32,151
INDOT Bridge Inspections			1702840	-	43,654
INDOT Bridge Inspections			1702841	-	52,702
Old US Repaving Project			A249-20-L190133	-	141,440
Total - Highway Planning and Construction Cluster				<u>-</u>	<u>269,947</u>
Federal Transit Cluster Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs 2021 Section 5399 Grant	Indiana Department of Transportation	20.526	INDOT #18039340 EDS A249-20-G200033	<u>88,497</u>	<u>88,497</u>
Total - Federal Transit Cluster				<u>88,497</u>	<u>88,497</u>
Formula Grants for Rural Areas and Tribal Transit Program	Indiana Department of Transportation	20.509	EDS A249-20-G200033	<u>-</u>	<u>97,230</u>
Total - Department of Transportation				<u>88,497</u>	<u>455,674</u>
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund COVID Testing Site Grant COVID CARES Act & Safety Awareness	Indiana Department of Health Indiana Finance Authority	21.019	46376 EO 20-48 and Directive 2020-3	-	16,594 651,860
Total - COVID-19 - Coronavirus Relief Fund				<u>-</u>	<u>668,454</u>
Total - Department of the Treasury				<u>-</u>	<u>668,454</u>
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Public Health Emergency Preparedness Public Health Emergency Preparedness	Indiana State Department of Health	93.069	35393 44770	-	25,234 3,627
Total - Public Health Emergency Preparedness				<u>-</u>	<u>28,861</u>
Child Support Enforcement Clerk Incentive Prosecutor Incentive Indirect Cost Prosecutor Expenses Clerk Expenses	Indiana Department of Child Services	93.563	FY 2020 FY 2020 FY 2020 FY 2020 FY 2020	-	6,197 42,155 12,163 69,738 16,974
Total - Child Support Enforcement				<u>-</u>	<u>147,227</u>
Total - Department of Health and Human Services				<u>-</u>	<u>176,088</u>
Total federal awards expended				<u>\$ 336,997</u>	<u>\$ 1,550,216</u>

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

FULTON 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, 2020. 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.

FULTON 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
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2020-001

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 federal award information was reviewed prior to entry into Gateway; however, the internal control was not effective and failed to detect material errors. During the audit of the SEFA, we noted the following errors:

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. The expenditures for the COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program were understated by \$248,500.
2. The expenditures for the Highway Planning and Construction Cluster were overstated by \$173,000.
3. The Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs were omitted, which understated expenditures by \$88,497.
4. The expenditures for the Formula Grants for Rural Areas and Tribal Transit Program were overstated by \$130,542.
5. The expenditures for the COVID-19 - Coronavirus Relief Fund were overstated by \$83,406.
6. Three additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$7,656 in total.
7. 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 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.62 states in part:

"Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

(a) Transactions are properly recorded and accounted for, in order to:

(1) Permit the preparation of reliable financial statements. . . ."

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 a 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."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

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 included the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

FINDING 2020-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not separated incompatible activities related to cash and investments and payroll disbursements.

Cash and Investments

The County had not properly designed a system of internal controls over cash and investments. The County Treasurer prepared the bank reconciliements without a review or approval process to ensure the reconciliation was accurate.

Payroll

The County had not properly designed a system of internal controls over payroll disbursements. The County Auditor and Board of County Commissioners approved the total payroll transactions as a lump sum without a review process at the individual employee level to ensure the payroll disbursements were accurate.

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

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

FULTON 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. . . ."

Cause

Management had not established a proper system of internal controls that segregated key functions over cash and investments and payroll disbursements.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements in cash and investments or payroll disbursements could have occurred and remained undetected.

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.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.



FULTON COUNTY AUDITOR'S OFFICE

Christina Sriver, Fulton County Auditor
125 E 9th Street, Suite 108
Rochester, IN 46975
Phone: (574) 223-2912
Fax: (574) 223-2211

CORRECTIVE ACTION PLAN

FINDING 2020 – 001

Contact person responsible for Corrective Action Plan: Christina Sriver
Contact phone number: 574-223-2912

Views of Responsible Official:

This was the first federal audit since holding the office and I was grateful to have these funds audited. There had been internal controls in place to check for accuracy prior to entering the federal awards into Gateway but in fact were found to have weaknesses. The AR/AP deputy auditor would keep a spreadsheet of the federal grant monies and the county auditor would then verify the amounts and enter into the SEFA. Upon receiving this finding by SBOA, and with a more thorough review, I have found weakness in the receipting process. In direct reflection of the errors stated in the finding please accept these responses:

Subject: The preparation of the Schedule of Expenditures of Federal Awards (SEFA)
Audit Findings: Material weakness, noncompliance

- 1. The expenditures for the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii were understated by \$248,500.*

The receipts and expenditures were correctly reported within the financial data; however, I misunderstood the reporting procedure for expenditures on the SEFA. It was my misconception that the total of the pass-through and expenditures would equal the full amount of the grant. Rather, I now understand that in order provide the federal awards to subrecipients (pass-through) each transaction is to be categorized as an expenditure.
- 2. The expenditures for the Highway Planning and Construction Cluster were overstated by \$173,000.*

There were two errors uncovered when reviewing this fund. The first was that two numbers were transposed when entered: \$314,440 was entered, the amount intended was \$341,440 which would have left an error of \$200,000 misstated. The \$200,000 amount was the grant match that was receipted into the grant fund. It was believed that showing the match and spending from one fund would provide transparency and was the best practice. I now realize that by doing so I have comingled federal funds with local funds therefore inaccurately reporting. In order to correct this, we have instructed the highway department to divide the expenditure on the claim voucher by the same percentage of the grant award (i.e. if the award is 75% federal award with 25% local match a claim of \$1,000 would be ordered to be paid \$750 from the federal grant fund and \$250 from the local match fund).

3. *The Bus and Bus Facilities Formula & Discretionary Programs was omitted which understated expenditures by \$88,497.*

4. *The expenditures for the Formula Grants for Rural Areas were overstated by \$130,542.*

These two items were both reported as one on the SEFA. Whereas the understatement (#3) was reported, it was included on the SEFA as a portion of the overstatement of \$130,542. Upon further investigation I discovered that there are two programs under one CFDA associated with what was reported as one. Section 5311/Formula Grants for Rural Areas refers to the capital/planning portion of grant money received and 5339/Bus and Bus Facilities Formula Program refers to the operating portion of the grant. Therefore, the reimbursement of \$88,497 should have been reported separately under Section 5311/Formula Grants for Rural Areas as it was a capital purchase. The remaining portion that was overstated (\$42,045) was found to be a state reimbursement for operating costs and should not have been included on the SEFA. Closer attention must, and will, be paid to the reimbursement of funds to reveal whether it is a state or federal reimbursement.

5. *The expenditures for the COVID-19 – Coronavirus Relief Fund were overstated by \$83,406.*

This grant was misreported as a reimbursable grant which in turn caused expenditures to be reported on the SEFA rather than the receipts causing the overstatement. The correct amount of disbursements was stated but the receipts were ultimately what should have been reflected. Upon reviewing the grant agreement, it could easily have been mistaken as either reimbursable or advanced however the funds were received before disbursing making it clearly an advanced grant.

6. *Three additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$7,656, in total.*

Fund 8140/Stop Arm Enforcement was included in this total in the amount of \$937.72. This was due to payroll adjustments that were made in January 2021 reflected a positive “receipt” total in the same amount however, the funds were actually received in 2019.

Fund 1152/Local Emergency and Planning Committee (LEPC) was included in the amount of \$4,182.47 and has since been discovered to be revenue distributed by the state under I.C. § 13-25-2-10.6.

The remainder of the misstatements took a thorough investigation of prosecutor and clerk reimbursements to the county’s general fund for child support reinforcement. I have restructured the receipt numbers to more accurately track and reflect the receipts of the federal awards. This has been tested and found to be corrected.

7. *Other errors included incorrect program names, pass-through entities, and identifying numbers.*

Through review of this audit I am now aware that there is a list of all program titles and numbers associated with the Catalog of Federal Domestic Assistance (CFDA) number listed on each grant. This will be extremely helpful in listing the correct program names, pass-through entities and identifying the correct CFDA number. The SEFA will continue to be reviewed by the AP/AR Deputy Auditor and the Auditor and each will initial the review for testing purposes.

The federal awards will be reviewed thoroughly prior to entering the final data in the SEFA report for accuracy.

Anticipated completion dates:

If not directly addressed above, the corrective actions to rectify the findings will be put into place immediately

FINDING 2020 – 002

Contact person responsible for Corrective Action Plan: Christina Sriver
Contact phone number: 574-223-2912

Views of Responsible Official: We concur with the finding

Subject: Financial transactions and reporting
Audit Finding: material weakness

1. Cash and Investments

This will be responded to by the Treasurer who is responsible for the activity. The Auditor is not involved with this activity.

2. Payroll

The procedure in place for the years being audited (2019 and 2020) was that the payroll vouchers were matched with the time clock reports for accuracy of the amount requested to pay. Any discrepancies discovered were discussed with the department claiming the error and the voucher would be corrected and returned. The total amount of the vouchers was then matched with the total amount entered in the payroll software for accuracy. The Commissioners signed off on the total amount of payroll and was attested to be correct by the Auditor as a lump sum. Because the Deputy Auditor was matching the individual employee on the pay voucher the department submitted with the time worked (approved by both the employee, secondly and additionally by the department head in the time clock) it was assumed there were enough controls in place. The control totals obtained by the Deputy Auditor at the individual employee level are now printed and rechecked by the Auditor. Both the Deputy Auditor and Auditor are reviewing the totals and initialing the review for testing purposes.

Anticipated completion dates:

If not directly addressed above, the corrective actions to rectify the findings will be put into place immediately.

Respectfully Submitted this 19th day of August, 2021.

Christina Sriver
Fulton County Auditor

FULTON COUNTY TREASURER

Kathy Easterday, Treasurer

CORRECTIVE ACTION PLAN

FINDING 2020-002

Contact Person Responsible for Corrective Action: Kathy Easterday
Contact Phone Number: 574-223-2913

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

The Internal Controls for bank reconciliation has been corrected as of June 01, 2021. We will be working on the issues to find the differences in balances with our software company.

Anticipated Completion Date: February 28, 2022

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WEB SITE www.co.fulton.in.us

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/>.