

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MIAMI COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
09/15/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mary Brown	01-01-20 to 12-31-21
County Treasurer	Annette Phillippo	01-01-20 to 12-31-21
Clerk of the Circuit Court	Sherry Raber	01-01-20 to 12-31-21
County Sheriff	Timothy S. Hunter	01-01-20 to 12-31-21
County Recorder	Rhonda Trexler Paul Wilson	01-01-20 to 12-31-20 01-01-21 to 12-31-21
President of the Board of County Commissioners	Alan Hunt	01-01-20 to 12-31-21
President of the County Council	Ralph Duckwall	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 MIAMI 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 Miami 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 18, 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, 2020-002, and 2020-003, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, and 2020-003.

Miami 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 18, 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 MIAMI COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Miami 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 18, 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 18, 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.

MIAMI 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>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii COVID OCRA Grant	Indiana Office of Community and Rural Affairs	14.228	C19DC18001	\$ -	\$ 250,000
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	250,000
Total - Department of Housing and Urban Development				-	250,000
<u>Department of the Interior</u>					
Payments in Lieu of Taxes Payment in Lieu of Taxes	Direct Grant	15.226	FY 2020	-	4,550
Total - Department of the Interior				-	4,550
<u>Department of Justice</u>					
Crime Victim Assistance Victim Advocate	Indiana Criminal Justice Institute	16.575	2018-V2-GX-0031	-	31,769
Drug Court Discretionary Grant Program Drug Court Grant	Direct Grant	16.585	20018-DC-BX-0055	-	7,180
Total - Department of Justice				-	38,949
<u>Department of Labor</u>					
Unemployment Insurance 2020 Unemployment Insurance Administration	Indiana Department of Workforce Development	17.225	FY 2020	-	36
Total - Department of Labor				-	36
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection Report Bridge Inspection Report	Indiana Department of Transportation	20.205	DES 1383463 DES 1592923	- -	35,393 58,156
Total - Highway Planning and Construction				-	93,549
Total - Highway Planning and Construction Cluster				-	93,549
Federal Transit Cluster Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs YMCA Rural Transit	Indiana Department of Transportation	20.526	EDS A249-19-G180485	59,216	59,216
Total - Federal Transit Cluster				59,216	59,216

MIAMI 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
Highway Safety Cluster State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	CHIRP-2020-00077	-	1,941
National Priority Safety Programs Operation Pullover	Indiana Criminal Justice Institute	20.616	SAVE-2020-00014	-	1,283
Total - Highway Safety Cluster				-	3,224
Formula Grants for Rural Areas and Tribal Transit Program YMCA Rural Transit	Indiana Department of Transportation	20.509	EDS A249-19-G180485	230,986	230,986
Total - Department of Transportation				290,202	386,975
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund CARES	Indiana Finance Authority	21.019	FY 2020	-	1,153,928
COVID-19 - Coronavirus Relief Fund COVID Testing Site Grant	Indiana Department of Health	21.019	FY 2020	-	22,354
Total - COVID-19 - Coronavirus Relief Fund				-	1,176,282
Total - Department of the Treasury				-	1,176,282
<u>Department of Health and Human Services</u>					
Child Support Enforcement	Indiana Department of Child Services	93.563			
CY 2020 Prosecutor Share			FY 2020	-	127
CY 2020 Clerk Incentive			FY 2020	-	12,034
CY 2020 Prosecutor Incentive			FY 2020	-	18,158
CY 2020 Clerk			FY 2020	-	54,700
CY 2020 Clerk Perpetuation			FY 2020	-	990
CY 2020 Prosecutor C			FY 2020	-	161,001
CY 2020 Elected Officials Training			FY 2020	-	17
Total - Child Support Enforcement				-	247,027
Opioid STR SIM Opioid Grant	Indiana Supreme Court	93.788	20-5JC89-C52-026	-	8,350
Total - Department of Health and Human Services				-	255,377
Total federal awards expended				\$ 290,202	\$ 2,112,169

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

MIAMI 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.

MIAMI 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
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: Internal Controls over Bank Account Reconciliations - Clerk of the Circuit Court
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-002.

MIAMI COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) over bank account reconciliations of cash and investments. The Clerk had not separated incompatible activities related to reconciling cash. The Clerk completed the cash reconciliation for the first nine months of the audit period; however, there was no evidence of another employee reviewing the reconciliations. The Clerk provided lists of outstanding checks and deposits-in-transit for October through December 2020, but did not provide the actual bank reconciliations for those months. We prepared a bank reconciliation for December 2020 using the reconciling items provided by the Clerk; however, the December reconciliation indicated an unidentified cash short variance of \$20,492.

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. . . ."

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

Cause

Management of the Clerk's office had not established a proper system of internal controls to ensure that cash and investments was reconciled each month.

Effect

The failure to establish a system of internal controls could enable material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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

MIAMI COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2020-002

Subject: Internal Controls over Bank Account Reconciliations - Treasurer
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The County Treasurer (Treasurer) did not have a proper system of internal controls in place over financial transactions and reporting to prevent, or detect and correct, errors over cash and investments. The Treasurer completed all bank reconciliations; however, the internal controls in place did not ensure that financial ledgers were properly reconciled to the bank accounts. The Treasurer's bank reconciliation provided as of December 31, 2020, did not agree to the County's Annual Financial Report. The unidentified variance was cash short of \$226,669.

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. . . ."

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

"The state examiner shall require from every audited entity 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 Treasurer's office had not established a proper system of internal controls to ensure that cash and investments were properly reconciled.

Effect

The failure to establish a system of internal controls could enable material misstatements or irregularities to remain undetected.

MIAMI COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2020-003

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-003.

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 County failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

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

1. The Formula Grants for Rural Areas and Tribal Transit Program was overstated by \$101,493.
2. The Formula Grants for Rural Areas and Tribal Transit Program understated the amount passed through to subrecipient by \$230,986.
3. The COVID-19 - Coronavirus Relief Fund was overstated by \$77,646.
4. The Federal Transit Cluster understated the amount passed through to subrecipients by \$59,216.
5. The Opioid STR was overstated by \$51,650.
6. Nine of the thirteen grants did not have the correct program name.
7. Four of the thirteen grants did not have the correct CFDA number.
8. One of the thirteen grants did not have the correct awarding agency and correct pass-through entity number.

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

MIAMI COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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 section § 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:

MIAMI COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 section § 200.414 Indirect (F&A) costs."

Cause

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

Effect

Without a proper system of internal controls in place that operates 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.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: Corrected

We have the Departments verify the reporting prior to submission in Gateway and provide back-up documentation that supports the individual reports.

We have the Chief Deputy Auditor verify the Auditor's final fund balance report to ensure the bids, deposits and bond holding fund is removed from the Annual Report. The Chief Deputy Auditor also verifies that fund balance report includes any investments for funds.



Sherry Raber
Miami County Clerk

25 N. Broadway
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Peru, IN 46970

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Fax (765) 472-1778

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-002

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: Ongoing

Cash and Investments: During the audit period, an internal control was not in place to ensure accurate bank reconcilements were completed and uploaded to Gateway in a timely manner. We are working to develop an internal control in place over the bank reconcilements to ensure that they are accurate, complete, and uploaded timely to Gateway.

Disbursements: An internal control was in place over Disbursements during the audit period. The bookkeeper reviews the check writing report for the prior day and writes the checks. Then, the Clerk reviews the check writing report and review the checks prior to mailing. This section of Finding 2019-002 has been corrected.

Financial Reporting: An internal control was in place over Financial Reporting during the audit period. The Clerk completes the CAR-1 report and the First Deputy reviews/signs the report before submission to the County Auditor. This section of Finding 2019-002 has been corrected.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-003

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: Ongoing

We are working on implementing a new verification payment system where departments review their portion of the SEFA for a cross check to the reporting.

We continue to do additional tracking throughout the year to ensure we have captured all the data required to report on the SEFA.

Currently, we are working on having an internal control in place for verifying the SEFA information. We will continue to seek additional education for entering, reviewing the SEFA to ensure the data is correct, and internal control is effective.



State of Indiana

51st Judicial Circuit

Tawna Leffel Sands
Miami County Clerk
tleffel@miamicountyin.gov

25 N. Broadway
Room 208
Peru, IN 46970

2nd Floor
(765) 472-3901
Fax (765) 472-1778

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Sherry Raber, CLERK
Contact Phone Number: 765-472-3901 Ext. 1358

Views of Responsible Official: I am in agreement with this finding.

This is a prior finding from previous year, number 2020-002.

The Clerk has implemented specific duties and a system of checks and balances. Prior the same employee would check multiple stages of bank reconciliation and funds received and disbursed. That process has been revised and 2 different employees review funds received and disbursed and both initial these reports to verify they have been seen by 2 sets of eyes.

October 2020 through December 2020 was not uploaded to the Gateway website due to some issues with the 46CR.

Anticipated Completion date: August 1, 2021



CORRECTIVE ACTION PLAN

FINDING 2020-002

Contact Person Responsible for Corrective Action: Annette Phillippo
Contact Phone Number: 765-472-3901 ext 1227

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Chief Deputy will be balancing the funds with the Auditor on a daily basis and document any differences.
Treasurer will verify monthly.

Anticipated Completion Date: 10/1/2021

Annette Phillippo
Miami County Treasurer



FINDING 2020-003

Contact Person Responsible for Corrective Action: Mary Brown
Contact Phone Number: 765-472-3901 Ext. 1240

Views of Responsible Official: We concur with the 2020 audit findings.

Description of Corrective Action Plan:

We implemented a new verification system and continue to review the SEFA for a cross check to the reporting.

We currently track all grants throughout the year to ensure we have captured all the data required to report on the SEFA.

We continue to have an internal control in place for verifying the SEFA information and will continue doing additional education for staff reviewing the SEFA to ensure the control is effective.

Anticipated Completion Date:
January 2022

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/>.