

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

GREENE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED

10/13/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Matthew W. Baker	01-01-20 to 12-31-21
County Treasurer	Nicole L. Stahl	01-01-20 to 12-31-21
Clerk of the Circuit Court	Stuart A. Dowden	01-01-20 to 12-31-21
County Sheriff	Michael L. Hasler	01-01-20 to 12-31-21
County Recorder	Sarah J. Bender	01-01-20 to 12-31-21
President of the Board of County Commissioners	Nathan L. Abrams	01-01-20 to 12-31-21
President of the County Council	Gregg Roudebush	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 GREENE 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 Greene 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 September 29, 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 item 2020-001, that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.


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)

Greene 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

September 29, 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 GREENE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Greene 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 September 29, 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

September 29, 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.

GREENE 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 Broadband Grant	Indiana Office of Community and Rural Affairs	14.228	PL-17-024	\$ -	\$ 20,000
Total - Department of Housing and Urban Development				-	20,000
<u>Department of Justice</u>					
Crime Victim Assistance Victim Assistance Grant	Indiana Criminal Justice Institute	16.575	2017-VA-GX-0004, 2016-VA-GX-0017	-	17,348
Total - Department of Justice				-	17,348
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Lone Tree Road County Wide Bridge Inspections Bridge Design Services Bridge 272	Indiana Department of Transportation	20.205	DES 1400784 DES 1500487 DES 1600888	- - -	51,672 48,562 6,010
Total - Highway Planning and Construction				-	106,244
Total - Highway Planning and Construction Cluster				-	106,244
Total - Department of Transportation				-	106,244
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund COVID-19 Clerk COVID-19 EMS COVID-19 Recorder COVID-19 Treasurer COVID-19 Commissioners	Indiana Finance Authority	21.019	FY20 FY20 FY20 FY20 FY20	- - - - -	581 10,867 2,087 1,831 1,016,310

GREENE 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
COVID-19 Auditor			FY20	-	1,900
COVID-19 Other Unit			FY20	385	382
COVID-19 Corrections			FY20	-	4,433
COVID-19 - Coronavirus Relief Fund	Indiana State Department of Health	21.019			
COVID-19 Health			FY20	-	12,562
Total - Coronavirus Relief Fund				<u>385</u>	<u>1,050,953</u>
Total - Department of the Treasury				<u>385</u>	<u>1,050,953</u>
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Greene County HD BP1	Indiana State Department of Health	93.069			
			FY20	-	25,000
Child Support Enforcement	Indiana Department of Child Services	93.563			
Clerk's Expenditures			FY20	-	36,219
Prosecutor's Expenditures			FY20	-	198,937
Prosecutor's Incentive			FY20	-	8,315
Clerk's Incentive			FY20	-	7,855
Indirect Costs			FY20	-	136,090
County General Collection Incentive			FY20	-	16,047
Court Costs Expenditures			FY20	-	23,511
Total - Child Support Enforcement				<u>-</u>	<u>426,974</u>
Total - Department of Health and Human Services				<u>-</u>	<u>451,974</u>
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMPG Grant	Indiana Department of Homeland Security	97.042			
			31230	-	17,000
Total - Department of Homeland Security				<u>-</u>	<u>17,000</u>
Total federal awards expended				<u>\$ 385</u>	<u>\$ 1,663,519</u>

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

GREENE 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.

GREENE 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?	no

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: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

The County Auditor did not have a proper system of internal controls in place to prevent, or detect and correct, errors in the Annual Financial Report entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the financial statement. The County Auditor entered the financial information into Gateway without a review or approval process to ensure the information reported was accurate.

GREENE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

Cause

Management of the County had not established a proper system of internal controls.

Effect

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

Views of Responsible Officials

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

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.

Greene County Auditor
Matthew W. Baker
Greene County Courthouse
1 E. Main St.
Bloomfield, In. 47424

Phone 812-384-2008 E-mail: matthew.baker@co.greene.in.us Fax 812-384-2041

September 14, 2021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2018

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Matthew W. Baker, Greene County Auditor

Contact Phone Number: (812) 384-2008

Status of Audit Finding:

Corrective action was taken over the reporting of the SEFA.

GREENE COUNTY HIGHWAY DEPARTMENT

847 N 800 W
Switz City, IN 47465
TEL: 812-659-2045

Roger Hamilton, Superintendent
ROGER.HAMILTON@CO.GREENE.IN.US
FAX: 812-659-2230

September 15, 2021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-002

Fiscal year in which the finding initially occurred: 2019

Explanation:

The work under contract paid by the federal grant concluded prior to December 31, 2019, and the final voucher was paid on or about March 27, 2020. The contractor was no longer an active vendor as of the date of the audit finding. At the time of the audit finding, the only contractor with whom the county maintained an active relationship, that was subject to suspension and debarment requirements, was the firm that conducts bridge inspections. That firm's contract contains a representation that neither the company, its principals et al., nor its subcontractors were suspended or debarred at the time of contract execution. The county entered into an updated contract with the bridge inspection firm, which contract contained the same representation, effective as of November 9, 2020.

Further, there was a lack of clarity on the part of the department, at the time of the audit finding, of the exact steps necessary and preservation of evidence required to satisfy the suspension and debarment requirement, despite presentation of the corrective action plan. The department, working with its legal counsel, now is completely clear regarding expectations and in fact performed and documented a suspension and debarment SAM inquiry today regarding the bridge inspection firm, in support and demonstration of that understanding.

Status of Audit Finding:

Corrective action has been taken, moving forward the following procedure has been implemented. I have directed my administrative assistant to perform a SAM exclusions search on each contractor and to print the resulting finding. My administrative assistant then will sign and date the finding. My administrative assistant will forward the original signed and dated SAM finding to me, the superintendent. I will review the finding and will date the finding as of the date of my review and will sign the finding. I will return the countersigned finding to my administrative assistant, and she will file the finding with the contractor's contract. This process shall be conducted annually for each vendor paid by funds that are subject to suspension and debarment inquiry.

Greene County Auditor
Matthew W. Baker
Greene County Courthouse
1 E. Main St.
Bloomfield, In. 47424

Phone 812-384-2008 E-mail: matthew.baker@co.greene.in.us Fax 812-384-2041

September 21, 2021

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Matthew Baker
Contact Phone Number: 812-384-2008

Views of Responsible Official: We Concur with the Finding

Description of Corrective Action Plan:

The Auditor's Office will work to establish the proper segregation of duties and internal controls needed to reduce the risk for errors in reporting the AFR in Gateway going forward. I have a new Chief Deputy who I will seek to find training for in order to review my work, including Auditor Conferences, personal training, and professional training on what to look for in scrutinizing the AFR itself as well as our financial system to uncover possible mistakes and correct them accordingly. It is noted that my wife and office volunteer, Patty Baker, is no longer permitted to serve in that capacity and had caught some errors in the past.

Respectfully yours,

Matthew W. Baker
Greene County Auditor

Anticipated Completion Date: December 31, 2021

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.