

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

DECATUR COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
11/10/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
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	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13-17
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-22
Corrective Action Plan	23-24
Other Reports.....	25

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janet S. Chadwell	01-01-20 to 12-31-21
County Treasurer	Jamie Boling Diane M. Wenning	01-01-20 to 12-31-20 01-01-21 to 12-21-21
Clerk of the Circuit Court	Adina A. Roberts	01-01-20 to 12-31-21
County Sheriff	Dave Durant	01-01-20 to 12-31-21
County Recorder	Dottie Robbins	01-01-20 to 12-31-21
President of the Board of County Commissioners	Richard J. Nobbe Mark Koors	01-01-20 to 12-31-20 01-01-21 to 12-31-21
President of the County Council	Danny Peters	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 DECATUR 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 Decatur 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 November 1, 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 items 2020-001 and 2020-002.

Decatur 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

November 1, 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 DECATUR COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Decatur 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.

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)

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.

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.

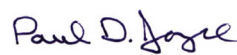
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 November 1, 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

November 1, 2021

(This page intentionally left blank.)

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.

DECATUR 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 14.228 Public Facilities Program	Indiana Office of Community and Rural Affairs	14.228	PF-18-101	\$ -	\$ 177,881
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				-	177,881
Total - Department of Housing and Urban Development				-	177,881
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning Construction Bridge Inspections Br# 236 Gbg Sidewalk Br 236 Central Ave	Indiana Department of Transportation	20.205	Des 1500203 Des 1600802 Des 1600721	- - -	46,622 33,894 91,955
Total - Highway Planning Construction				-	172,471
Total - Highway Planning and Construction Cluster				-	172,471
Highway Safety Cluster State and Community Highway Safety 20.600 CITLI/OPBU 19/20	Indiana Criminal Justice Institute	20.600	FY 2020	-	10,708
National Priority Safety Programs 20.616 Distracted Driving 19/20 20.616 Stop Arm Violation Enforcement	Indiana Criminal Justice Institute	20.616	FY 2020 FY 2020	- -	4,460 5,998
Total - National Priority Safety Programs				-	10,458
Total - Highway Safety Cluster				-	21,166
Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 DUI Task Force 19/20	Indiana Criminal Justice Institute	20.608	FY 2020	-	12,974
Total - Department of Transportation				-	206,611

DECATUR 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 the Treasury</u>					
COVID-19 - Coronavirus Relief Fund 21.019 Cares Act Funding (COVID)	Indiana Financing Authority	21.019	FY 2020	-	869,298
Total - Department of the Treasury				-	869,298
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness 93.069 Public Health Prep	Indiana Department of Health	93.069	NU90TP922052	-	25,000
Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2020	-	14,350
Title IV-D Incentive			FY 2020	-	162,376
Prosecutor Expenditure			FY 2020	-	5,953
Clerks Incentive			FY 2020	-	18,949
Prosecutor Incentive			FY 2020	-	11,445
Clerk expenditure			FY 2020	-	44,315
Indirect Costs				-	
Total - Child Support Enforcement				-	257,388
Total - Department of Health and Human Services				-	282,388
<u>Department of Homeland Security</u>					
BRIC: Building Resilient Infrastructure and Communities 2016 PreDisaster Mitigation	Indiana Department of Homeland Security	97.047	FY 2019	-	1,738
Total - Department of Homeland Security				-	1,738
Total federal awards expended				\$ -	\$ 1,537,916

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

DECATUR 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.

DECATUR 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
--	----

Section II - Financial Statement Findings

FINDING 2020-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

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).

DECATUR COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 contained the following errors:

1. The Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii expenditures were overstated by \$177,881.
2. The Highway Planning and Construction Cluster expenditures were overstated by \$57,945.
3. The COVID-19 - Coronavirus Relief Fund expenditures were overstated by \$26,034.
4. Numerous nonfederal grants were included, which overstated expenditures by \$65,409.
5. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$7,499.
6. Other errors included incorrect federal grantor agency, program names, pass-through entities, federal CFDA numbers, 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 . . ."

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

DECATUR COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The County's management had not established a 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 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.

Condition and Context

The County Treasurer's office did not have an effective system of internal controls in place over cash and investments.

Depository reconcilements of the fund balances to the bank account balances were prepared by the Deputy County Treasurer and reviewed by the County Treasurer; however, this internal control was not effective and did not detect and/or identify errors in the reconciliation.

The bank reconcilements presented for audit contained unidentified variances that indicated cash shorts ranging from \$282,584 to \$580,701, from July through December of 2020. The bank reconciliation as of December 31, 2020, initially indicated a cash short in the amount of \$451,117. During the audit, an additional \$464,975 of posting errors were identified by the County, leaving a remaining unidentified cash long in the amount of \$13,858.

Additionally, an unidentified cash long from the prior audit period in the amount of \$195,379 was posted to the County Treasurer's Cash Book Other Sources as "Fund Difference." This was corrected in June of 2021.

The lack of internal controls and noncompliance were systemic issues 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:

DECATUR 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. . . ."

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Cause

The County's management had not established a system of internal controls that would have ensured proper reconciling of cash and investments.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements or irregularities occurred and remained undetected. The cash and investment reconcilements contained the errors noted 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.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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



JANET S. CHADWELL

Decatur County Auditor

150 Courthouse Square, Suite 133, Greensburg, Indiana 47240

Phone - 812-663-2570

Fax - 812-663-2242

auditor@decaturcounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: Corrective action was implemented on tracking expenditures of SEFA and regular grants, for both routine and for reporting on the AFR. We followed recommendations from the Field Examiners, not even thinking about dishonest actions when one person was entering claims and issuing the checks.

The department receiving the grant(s) will submit claims to Teresa. She will confirm those are within the grant guidelines/agreement to be paid. Deputy Auditor Blair Haley checks grant claims for proper documentation and the amount to be paid. I then get the claims to review and put a vendor number on the claim; then return to Teresa to enter into the computer creating a docket which she emails to me for final review before payments are issued. Deputy Auditor Teresa Reiger and I receive notice from the Auditor of

State when funds will be deposited into our bank. She receipts grant monies into the correct funds and emails a receipt on that action to me which I check on our financial ledger.

Deputy Auditor Christy Smiley does most of the data entry on the AFR. I take the reports she used to complete the various sections; compare the report information to what's been entered in Gateway. She makes any necessary corrections; I review the entire AFR again and then submit the AFP.

These controls will be fully implemented for the 2021 SEFA, submitted in 2022. We anticipate that this will greatly reduce the risk of material misstatement of the SEFA.



Decatur County Treasurer

150 Courthouse Square Suite 138

Greensburg, IN 47240

812-663-4190

treasurer@decaturcounty.in.gov

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-002

Fiscal year in which the finding initially occurred: 2019

Corrective action was implemented in July 2020. The Treasurer prepares the Bank Reconciliation and it is reviewed by the Deputy Treasurer to ensure accuracy. In 2021, the Treasurer began performing the bank reconciliation with her Deputy Treasurer and LLLLOW Associate making bank reconciliation daily instead of monthly. Both the Treasurer and the Deputy Treasurer review and sign off on the reconciliation. The bank reconciliations in 2021 show an unidentified variance that dates back to prior years, but controls have been implemented to keep the variance consistent since January 2021. As time permits the Treasurer and LLLLOW associate have been attempting to identify the remaining unidentified variance.



Janet S. Chadwell
Decatur County Auditor

150 Courthouse Square, Suite 133, Greensburg, Indiana 47240

Phone - 812-663-2570

Fax - 812-663-2242

auditor@decaturcounty.in.gov

FINDING 2020-001

Contact Person Responsible for Corrective Action: Janet Chadwell

Contact Phone Number (812) 663-2570

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Our office requires copies of all grants from any department receiving grant funds; this allows us to monitor 'allowable expenditures' from these funds, especially if it's a reimbursable grant. My grants' deputy has left to take another job in the Sheriff's Department. The goal is to involve 3 different people in the responsibilities of receipting, claims/disbursements and reporting grant activities to the State and Federal agencies. Each Deputy Auditor involved with the grants will send an email to the other 2 asking for review and/or approval and state they did as requested, in an email back to the sender. Grant information, required to be included in the County's Annual Report, will be entered by one Deputy Auditor; it will then be reviewed by 2 other Deputies. Again, the person doing the data entry, will email the other 2 and request they review the information entered in the Annual Report in Gateway. They will compare that information with additional reports generated by our financial software to verify the data is correct or what adjustments need to be made. Any adjustments, again, must be reviewed by 3 people and emails exchanged confirming the data is correct, to the best of their knowledge. The Deputy Auditor responsible for the grants will begin providing additional information to the Auditor during their review of the SEFA to ensure that errors are identified and corrected.

Anticipated Completion Date: December 15, 2021 for everything except for the annual report in Gateway, which should be by February 21, 2022.



Diane M Wenning

150 Courthouse SQ, Suite 138

812-663-4190

treasurer@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2020-002

Contact Person Responsible for Corrective Action: Diane Wenning
Contact Phone Number: 812-663-4190

Views of Responsible Official: Having been made aware of the deficiencies in the bank reconciliation to the cash sheet in the Decatur County Treasurer Office. I concur.

Description of Corrective Action Plan: Immediate steps have been taken to create a search of adjustment and difference in daily transaction between the Treasurer's Office and Auditor's Office. This process began first day of holding office in January 2021. We are now reconciling daily instead of monthly and ensuring that bank reconciliations are reviewed by another employee after completion. We are also working with Low Associates to identify the remaining unidentified variance and make corrections for posting errors that we identified over the course of the audit.

In completion there is a complete cross training of staff.

Anticipated Completion Date: Corrective Action is already in place.

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/>.