

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

NOBLE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**

11/23/2021



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tonya L. Jones	01-01-20 to 12-31-21
County Treasurer	Michelle J. Bricker Michelle L. Mawhorter	01-01-20 to 12-31-20 01-01-21 to 12-31-21
Clerk of the Circuit Court	Michelle L. Mawhorter Tammy Bremer	01-01-20 to 12-31-20 01-01-21 to 12-31-21
County Sheriff	Max Weber	01-01-20 to 12-31-21
County Recorder	Candy B. Myers	01-01-20 to 12-31-21
President of the Board of County Commissioners	Gary D. Leatherman	01-01-20 to 12-31-21
President of the County Council	Denise Lemmon	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 NOBLE 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 Noble 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 8, 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.

***Noble 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 8, 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 NOBLE COUNTY, INDIANA

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

We have audited Noble 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 November 8, 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 8, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
COVID-19 Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	Office of Community and Rural Affairs	14.228	B19DC180001	\$ -	\$ 95,250
Total - Department of Housing and Urban Development				-	95,250
<u>Department of Justice</u>					
Violence Against Women Formula Grants STOP GRANT	Indiana Criminal Justice Institute	16.588	STOP-2019-00083	-	32,378
Second Chance Act Reentry Initiative Second Chance Act Reentry Initiative	Direct Grant	16.812	2020-AP-BX-0879	-	9,885
Edward Byrne Memorial Justice Assistance Grant Program JAG Grant	Indiana Criminal Justice Institute	16.738	JAG-2020-00037	-	24,236
Total - Department of Justice				-	66,499
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
			DES 1400829	-	403
			DES 1592929	-	33,065
			DES 1600678	-	36,007
			DES 1600697	-	47,497
Cum Cap Dev Bridges			DES 1702729	-	97,915
Total - Highway Planning and Construction				-	214,887
Total - Highway Planning and Construction Cluster				-	214,887
Highway Safety Cluster State and Community Highway Safety CHIRP & SAVE grant	Indiana Department of Transportation	20.600	CHIRP-2020-00030	-	8,251
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616	SAVE-2020-2-FR1	-	1,312
Total - Highway Safety Cluster				-	9,563
Federal Transit Cluster Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Indiana Department of Transportation	20.526	A249-20-G190031	70,240	70,240
Total - Federal Transit Cluster				70,240	70,240
Formula Grants for Rural Areas and Tribal Transit Program COUNCIL ON AGING	Indiana Department of Transportation	20.509	A249-19-G180381	31,579	31,579
			A249-20-G190031	123,613	123,613
Sub-total - Formula Grants for Rural Areas and Tribal Transit Program				155,192	155,192

NOBLE 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 Formula Grants for Rural Areas and Tribal Transit Program		20.509	A249-20-G190031	54,979	54,979
Total - Formula Grants for Rural Areas and Tribal Transit Program				210,171	210,171
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute	20.608	CHIRP-2020-00030	-	12,272
Total - Department of Transportation				280,411	517,133
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund		21.019			
CARES Act Grant	Indiana Finance Authority		FY 2020	-	1,542,117
Coronavirus Relief Fund	Indiana State Department of Health		FY 2020	-	100,000
Total - COVID-19 - Coronavirus Relief Fund				-	1,642,117
Total - Department of the Treasury				-	1,642,117
<u>Election Assistance Commission</u>					
COVID-19 2020 HAVA CARES Act Grant	Indiana Secretary of State	90.404	FY 2020	-	4,634
Total - Election Assistance Commission				-	4,634
<u>Department of Health and Human Services</u>					
Immunization Cooperative Agreements	Indiana State Department of Health	93.268			
Immunization Coop Agreement			35481	-	43,742
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
Bio Terrorism			35423	-	25,388
Child Support Enforcement	Indiana Department of Child Services	93.563			
Child Support Enforcement			FY 2020	-	321,632
Opioid STR	Indiana Supreme Court	93.788			
PreTrial Grant			20-5JC89-C57-042	-	49,514
Total - Department of Health and Human Services				-	440,276
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
			EMC-2019-EP-00003-S01	-	54,157
Pre-Disaster Mitigation	Indiana Department of Homeland Security	97.047			
			DHS-17-MT-047-00-99	-	9,555
Total - Department of Homeland Security				-	63,712
Total federal awards expended				\$ 280,411	\$ 2,829,621

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

NOBLE 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.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified

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

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

**FINDING 2020-001**

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

*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).

NOBLE 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 control was 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 Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs grant expenditures were understated by \$70,240. The amount reported as Passed Through to Subrecipient was understated by \$70,240.
2. The Formula Grants for Rural Areas and Tribal Transit Program grant expenditures were overstated by \$237,590. The amount reported as Passed Through to Subrecipient was overstated by \$237,590.
2. The Child Support Enforcement grant expenditures were understated by \$298,093.
3. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$293,606, in total.
4. Other errors included incorrect program names, pass-through entities, 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. . . ."

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 § 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.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA included the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**FINDING 2020-002**

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The County had not established effective internal controls over the fund financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Financial Statement).

The County failed to properly review the fund financial information prepared and submitted in Gateway. Although one employee prepared and entered the fund financial information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. After Settlement Collections fund: Beginning Cash and Investments Balance and Disbursements were each overstated by \$21,672,951; and Receipts and Ending Cash and Investments Balance were each overstated by \$39,247,116.
2. Payroll fund: Receipts and Disbursements were each understated by \$6,883,362.
3. LIT Economic Development County Share fund: Receipts and Disbursements were each overstated by \$1,085,136.

NOBLE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

4. Several additional funds had individually immaterial errors that resulted in the understatement of Receipts and Disbursements each by \$511,356, in total.

Audit adjustments were proposed, accepted by the County, and made to the Financial Statement presented in the Annual Financial Statement Audit 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. . . ."

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 had not established an effective system of internal controls that would have ensured proper reporting of the Financial Statement.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the Financial Statement remained undetected. The Financial Statement 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.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

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#### AUDITEE-PREPARED DOCUMENTS

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

# NOBLE COUNTY AUDITOR

*Tonya L. Jones*

*Room 220 – Courthouse*

*101 N Orange Street*

*Albion, Indiana 46701*

*Phone 260-636-2658*

*Fax: 260-636-4001*

*tjones@nobleco.us*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **Finding 2019-001**

Fiscal year in which the finding initially occurred: 2013

Contact Person Responsible for Corrective Action: Tonya L Jones

Contact Phone Number: 260-636-2658

#### Status of Audit Finding:

This is a work in progress situation. My financial deputy and I are trying to implement new procedures mainly email to various departments specifying the importance of communication when new grants arise. I would like my financial deputy to have more time to assist, but with the unforeseen retirement of my payroll clerk she has had to take on additional responsibilities. She hasn't been able to dedicate the time I anticipated she would. Once we make the transition and hire a new person then hopefully, we can get the duties spaced out. So, no this is not "fixed" but I believe we are on the right track to completion.

Tonya L Jones

Noble County Auditor

October 18, 2021

# NOBLE COUNTY AUDITOR

*Tonya L. Jones*

*Room 220 – Courthouse  
101 N Orange Street  
Albion, Indiana 46701*

*Phone 260-636-2658  
Fax: 260-636-4001  
tjones@nobleco.us*

## **Corrective Action Plan**

### **Finding 2020-001**

Tonya L Jones, Noble County Auditor  
260-636-2658

We concur with the findings in reference to the lack of reporting for the Schedule of Expenditures of Federal Awards. As a result of lack of communication of new grants, or the activity of existing grants, that hasn't been brought to our attention, we again have issues with the reporting of the SEFA. We are continually trying to express the importance and have received some good feedback. We are still in the process of transition, but have made progress. We have talked with other counties to get ideas that will help us navigate the realm of the reporting process. We will also track emails better when communicating with other offices. That way we have accountability. We will continue to try to get a handle on the SEFA reporting process for future years.

Noble County Auditor

10/18/21

Estimated completion date: work in progress

# NOBLE COUNTY AUDITOR

*Tonya L. Jones*

*Room 220 – Courthouse  
101 N Orange Street  
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## **Corrective Action Plan**

### **Finding 2020-002**

Tonya L Jones, Noble County Auditor  
260-636-2658

We concur with the findings in reference to the financial transactions and reporting. As a result of lack of internal controls a few of the funds were incorrectly stated in the financial report. We are implementing procedures so this report will be reviewed numerous times. We are continually trying to improve the process of internal controls in the Auditor's office. We are also trying to improve the receipting process by making sure there are numerous receipt accounts to help to identify the money that is deposited. We are also going to try the upload from LOW to see if that solves so of the issues we are having.

Noble County Auditor  
10/18/21

Estimated completion date: work in progress

## 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/>.