

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SWITZERLAND COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
03/14/2022

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|
| County Auditor | Carolyn J. Green Yvette Emmich | 01-01-20 to 10-31-21 11-01-21 to 12-31-22 |
| County Treasurer | Vickie James Gayle Rayles | 01-01-20 to 12-31-20 01-01-21 to 12-31-22 |
| Clerk of the Circuit Court | Gayle Sullivan | 01-01-20 to 12-31-22 |
| County Sheriff | Brian Morton | 01-01-20 to 12-31-22 |
| County Recorder | Nancy Barker Dawn Naylor | 01-01-20 to 12-31-20 01-01-21 to 12-31-22 |
| President of the Board of County Commissioners | Jamie Peters Jerry Monjar Grant Dean | 01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22 |



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 SWITZERLAND 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 Switzerland 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 February 23, 2022, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, and 2020-003, that we consider to be material weaknesses.

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

Compliance and Other Matters

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

Switzerland 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 23, 2022



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 SWITZERLAND COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Switzerland 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 February 23, 2022, 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 23, 2022

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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.

SWITZERLAND 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 | Assistance Listings 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 2018 CDBG OOR | Indiana Housing and Community Development Authority | 14.228 | HD-018-006 | \$ - | \$ 191,142 |
| Total - Department of Housing and Urban Development | | | | - | 191,142 |
| <u>Department of Transportation</u> | | | | | |
| Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection | Indiana Department of Transportation | 20.205 | DES #1500215 | - | 28,362 |
| Total - Highway Planning and Construction Cluster | | | | - | 28,362 |
| Total - Department of Transportation | | | | - | 28,362 |
| <u>Department of the Treasury</u> | | | | | |
| COVID-19 - Coronavirus Relief Fund CARES Act Testing HD/KDH CARES Act - COVID-19 | Indiana State Department of Health Indiana Finance Authority | 21.019 | CONTRACT #45948 FY20 | 100,000 - | 100,000 347,700 |
| Total - COVID-19 - Coronavirus Relief Fund | | | | 100,000 | 447,700 |
| Total - Department of the Treasury | | | | 100,000 | 447,700 |
| <u>Election Assistance Commission</u> | | | | | |
| COVID-19 - 2020 HAVA CARES Act Grant HAVA Election Security | Indiana Secretary of State | 90.404 | 040_INCOVID2020 | - | 700 |
| Total - Election Assistance Commission | | | | - | 700 |

SWITZERLAND 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 | Assistance Listings Number | Pass-Through Entity (or Other) Identifying Number | Passed Through to Subrecipient | Total Federal Awards Expended |
|-----------------------------------------------------------------------------------|-----------------------------------------|----------------------------------|------------------------------------------------------------|-----------------------------------|-------------------------------------|
| <u>Department of Health and Human Services</u> | | | | | |
| Public Health Emergency Preparedness Public Health Coordinator | Indiana State Department of Health | 93.069 | 1 NU90TP922052-01-00 | - | 36,421 |
| Total - Public Health Emergency Preparedness | | | | - | 36,421 |
| <u>Opioid STR</u> | | | | | |
| Opioid Response Grant | Indiana Supreme Court | 93.788 | 6H79TI081689-02M001 | - | 30,000 |
| Total - Opioid STR | | | | - | 30,000 |
| <u>Child Support Enforcement</u> | | | | | |
| Clerk Expenditures Child Support | Indiana Department of Child Services | 93.563 | 2020 | - | 15,672 |
| Clerk Incentive Funds | | | 2020 | - | 1,035 |
| Prosecutor Incentive Funds | | | 2020 | - | 798 |
| Prosecutor Expenditures Child Support | | | 2020 | - | 41,752 |
| Indirect Costs | | | 2020 | - | 15,680 |
| Total - Child Support Enforcement | | | | - | 74,937 |
| Total - Department of Health and Human Services | | | | - | 141,358 |
| <u>Department of Homeland Security</u> | | | | | |
| Emergency Management Performance Grants Emergency Management Performance Grant | Indiana Department of Homeland Security | 97.042 | EMC-2019-EP-00003 | - | 17,191 |
| Total - Department of Homeland Security | | | | - | 17,191 |
| Total federal awards expended | | | | \$ 100,000 | \$ 826,453 |

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

SWITZERLAND 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.

SWITZERLAND 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:

| Assistance Listings 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

Condition and Context

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA).

The County failed to properly review the federal grant information prepared and submitted in Gateway. One employee was primarily responsible for the preparation and submission of the SEFA information without a documented review or other oversight.

SWITZERLAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

1. The Highway Planning and Construction Cluster expenditures were understated by \$28,361.
2. The COVID-19 - Coronavirus Relief Fund grant expenditures were understated by \$347,700.
3. The Child Support Enforcement grant expenditures were overstated by \$7,713.
4. The COVID-19 - Testing and Mitigation for Rural Health Clinics grant expenditures were overstated by \$49,461.
5. The Opioid STR grant expenditures were not included on the SEFA, which resulted in an understatement of \$30,000.
6. The Emergency Management Performance Grant expenditures were not included on the SEFA, which resulted in an understatement of \$17,191.
7. The COVID-19 - 2020 HAVA CARES Act Grant expenditures were not included on the SEFA, which resulted in an understatement of \$700.
8. A subgrant in the amount of \$100,000 from the COVID-19 - Coronavirus Relief Fund was not properly identified as a subaward passed through to a subrecipient.
9. Various program names, Assistance Listings Numbers, pass-through entities, and identifying numbers were missing or incorrect.

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. . . ."

SWITZERLAND 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. 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 Assistance Listings Number or other identifying number when the Assistance Listings 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.

SWITZERLAND 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."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control 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

There was a deficiency in the internal control system of the County related to financial transactions and reporting. The County Auditor entered the County's financial information into the Indiana Gateway for Government Units financial reporting system, which was the source of the Annual Financial Report (AFR) and financial statement. There was no evidence that there was an oversight, review, or approval process in place over the financial close and reporting to ensure accuracy.

The AFR submitted by the County Auditor contained material errors. As a result of the errors, the beginning cash and investments balance was understated by \$837,180, receipts were understated by \$1,293,314, disbursements were understated by \$670,798, and ending cash and investments balance was understated by \$1,459,696.

Audit adjustments were proposed, accepted by the County, and made to the financial statement.

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:

SWITZERLAND 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 5-11-1-4(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 a system of internal control that would have ensured proper reporting of 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.

FINDING 2020-003

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

The County Treasurer's office did not have a documented system of internal control in place over cash and investments. The County Treasurer and Deputy County Treasurer both completed an independent monthly bank reconciliation for all bank accounts of the County; however, there was no documented review of the other party's work to ensure the reconciliations were performed and accurate.

SWITZERLAND 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 had not established a proper system of internal control over cash and investments.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements or irregularities could have occurred and remained undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

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

SWITZERLAND COUNTY AUDITOR'S OFFICE
212 W. MAIN STREET
VEVAY, INDIANA 47043
(Phone) 812-427-4470
(Fax) 812-427-4407

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action:

H. Yvette Emmich

Contact Phone Number:

812-427-4470

Views of Responsible Official:

For Schedule of Expenditures of Federal Awards, we concur with the findings

Description of Corrective Action Plan:

Being the caucused in auditor for the last two months of 2021 and being an election year 2022, I will create binders for each Federal Grant going forward. I will print out all information used to support my federal grant numbers that are entered into Gateway, the deputy will review my documents for accuracy, deputy will sign off and the auditor will be responsible for uploading all information into Gateway and all documentation will be filed in proper format.

Anticipated Completion Date:

I will try to complete all necessary changes by EOY 2022.

FINDING 2020-002

Contact Person Responsible for Corrective Action:

H. Yvette Emmich

Contact Phone Number:

812-427-4470

Views of Responsible Official:

For financial transactions and reporting, I concur with the findings

Description of Corrective Action Plan:

Being the caucused in auditor for the last two months of 2021 and being an election year 2022, I will establish a system of internal controls that will help me ensure the proper reporting of numbers into Gateway system going forward. I will print out all information used to support my financial statement by fund numbers that are entered into Gateway, the deputy will review my documents for accuracy, deputy will sign off and the auditor will be responsible for uploading all information into Gateway and all documentation will be filed in proper format.

Anticipated Completion Date:

I will try to complete all necessary changes by EOY 2022

SWITZERLAND COUNTY TREASURER
212 W MAIN STREET
VEVAY, IN 47043
812-427-4465
FAX: 812-427-4464

CORRECTIVE ACTION PLAN

FINDING 2020-003

Contact Person Responsible for Corrective Action: Gayle Rayles
Contact Phone Number: 812-427-4465

Views of Responsible Official: We agree with the findings.

Description of Corrective Action Plan: Stacey Penick, Deputy, will begin reviewing and initialing Gayle's reconciliation after she completes it.

Anticipated Completion Date: The 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/>.