

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
03/28/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kimberly A. Walton	01-01-20 to 12-31-22
County Treasurer	Cathy Williams Nancy Funk	01-01-20 to 12-31-20 01-01-21 to 12-31-22
Clerk of the Circuit Court	Debra Berry	01-01-20 to 12-31-22
County Sheriff	Randy Retter	01-01-20 to 12-31-22
County Recorder	Debby Resh	01-01-20 to 12-31-22
President of the Board of County Commissioners	Kenneth E. Paust	01-01-20 to 12-31-22
President of the County Council	Jeffrey C. Plasterer Robert Chamness Beth Leisure	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 WAYNE 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 Wayne 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 March 16, 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, 2020-003, and 2020-004, 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 2020-004.

***Wayne 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

March 16, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 WAYNE COUNTY, INDIANA

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

We have audited Wayne 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 each of its major federal programs for the year ended December 31, 2020. The County's major federal programs are 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 each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed below, 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 each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on Health Center Program Cluster***

As described in item 2020-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting compliance of the County with Health Center Program Cluster regarding Reporting. Consequently, we were unable to determine whether the County complied with those requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Qualified Opinion on Health Center Program Cluster**

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Health Center Program Cluster* paragraph 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 Health Center Program Cluster for the year ended December 31, 2020.

**Unmodified Opinion on Each of the Other Major Federal Programs**

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 other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2020.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-006. Our opinion on the major federal program is not modified with respect to these matters.

The County's response to the noncompliance 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 compliance, and, accordingly, we express no opinion on the response.

**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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-005 and 2020-006, that we consider to be material weaknesses.

The County's response to the internal control over compliance 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 compliance, and, accordingly, we express no opinion on the response.

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.

**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 March 16, 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. Because federal grant monies were not accurately and separately identified in the financial ledgers, it is inappropriate to, and we do not, express an opinion on the Schedule of Expenditures of Federal Awards referred to above.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 16, 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.

WAYNE 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 Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	13VA2310	\$ -	\$ 22,610
Total - Department of Justice				-	22,610
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Highway Planning and Construction			DES 1500293	-	115,991
Highway Planning and Construction			DES 1600950	-	94,590
Highway Planning and Construction			DES 1802930	-	111,850
Highway Planning and Construction			DES 1802934	-	107,242
Highway Planning and Construction			DES 1802936	-	113,858
Highway Planning and Construction			DES 1902799	-	1,064
Highway Planning and Construction			DES 1902802	-	18,388
Highway Planning and Construction			DES 1902806	-	632
Total - Highway Planning and Construction				-	563,615
Total - Highway Planning and Construction Cluster				-	563,615
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	032NHTSA402CF19	258	4,001
Total - Highway Safety Cluster				258	4,001
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute	20.608	032NHT164ALCF19	1,135	4,246
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Transportation	20.703	38520HMEP000000	-	1,440
Total - Department of Transportation				1,393	573,302
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund	Indiana Finance Authority	21.019	FY2020	-	2,139,213
Total - Department of the Treasury				-	2,139,213
<u>Department of Education</u>					
Rehabilitation Services Vocational Rehabilitation Grants to States	Indiana Family and Social Services	84.126	FY2020	-	96
Total - Department of Education				-	96

WAYNE 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>					
Health Center Program Cluster					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	Direct Grant	93.224	H80CS29006-01-05	-	1,390,745
Total - Health Center Program Cluster				-	1,390,745
Immunization Cooperative Agreements	Indiana Department of Health	93.268	42 USC 1396A(A)62	-	8,002
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Indiana Department of Health	93.323	45967	-	50,000
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	Indiana Department of Health	93.426	32252	-	47,111
Child Support Enforcement	Indiana Department of Child Services	93.563			
County IV-D Prosecutor Expenditures			FY2020	-	224,235
Circuit Court Clerk Expenditures			FY2020	-	21,243
IV-D Court Expenditures			FY2020	-	128,799
Indirect Cost Expenditures			FY2020	-	150,751
Circuit Court Clerk Incentive Funds			FY2020	-	12,647
IV-D Prosecutors Incentive Funds			FY2020	-	66,404
Total - Child Support Enforcement				-	604,079
HIV Care Formula Grants	Indiana Department of Health	93.917	X08HA00033	-	65,448
HIV Prevention Activities Health Department Based	Indiana Department of Health	93.940	6NU62PS924556	-	13,122
Total - Department of Health and Human Services				-	2,178,507
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	EMC-2019-EP-0003-S01	-	45,664
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067	EMW-2019-SS-00013-S01	-	17,217
Total - Department of Homeland Security				-	62,881
Total federal awards expended				\$ 1,393	\$ 4,976,609

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

WAYNE 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.

WAYNE 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 programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.019	Health Center Program Cluster Coronavirus Relief Fund	Qualified Unmodified

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

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

**FINDING 2020-001**

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

*Condition and Context*

The County did not have internal control activities in place to review the classification of receipt categories or accounts for any funds except the County General fund. This caused receipt categories to be materially misstated on the financial statement in the amount of \$35,893,981.

Adjustments were proposed, approved by the County, and made to the financial statement to reclassify receipts.

WAYNE 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. . . ."

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](#)."

Under this prescribed uniform accounting system it is required that detail revenue (receipt) accounts be kept for the County General Fund, the County Welfare Fund and any other fund having a number of sources of receipts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 6)

*Cause*

Management of the County had not established a proper system of internal control over financial transactions and reporting.

*Effect*

Without a proper system of internal control in place that operated effectively, errors as outlined in the *Condition and Context*, remained undetected.

*Views of Responsible Officials*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-002***

Subject: Internal Controls Over Cash and Investments  
Audit Finding: Material Weakness

*Condition and Context*

The Clerk of the Circuit Court (Clerk) had not established an effective system of internal control over cash and investments. There was no documentation of a review of the monthly reconciliations for the Clerk Trust and the Clerk Child Support ISETS accounts by someone other than the preparer.

*Criteria*

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

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

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

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

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-003***

Subject: Internal Controls Over Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition and Context*

There was a deficiency in the internal control system of the County Sheriff's office related to cash and investments and financial transactions and reporting.

There was no documentation of review of the monthly reconciliations for the Inmate Trust and Commissary accounts by someone other than the preparer. There was also no documentation of a review of the amounts reported on the Supplemental Annual Financial Report by someone other than the preparer.

*Criteria*

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

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

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

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

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2020-004***

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 internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA.

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

1. The Highway Planning and Construction Cluster expenditures were overstated by \$15,636.
2. The COVID-19 - Coronavirus Relief Fund was omitted, which understated expenditures by \$2,139,213.
3. The Health Center Program Cluster expenditures were overstated by \$154,111.
4. The Immunization Cooperative Agreements expenditures were overstated by \$164,755.
5. The Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) expenditures were understated by \$50,000.
6. The Child Support Enforcement expenditures were overstated by \$106,953.
7. Expenditures for six additional grants were understated by \$62,712.
8. Amounts reported as Passed Through to Subrecipients were incorrect.
9. Not all program names and clusters were correctly listed.

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:

WAYNE 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. . . ."

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.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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.
- (5) For loan or loan guarantee programs described in § 200.502(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 operates effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

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

**FINDING 2020-005**

Subject: Health Center Program Cluster – Reporting  
Federal Agency: Department of Health and Human Services  
Federal Program: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)  
Assistance Listings Number: 93.224  
Federal Award Number and Year (or Other Identifying Number): H80CS29006-01-05  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Health Center did not have an effective internal control system of oversight, review, and approval processes in place to verify the accuracy of information reported on the required Federal Financial Report (SF-425) and the Universal Data System (UDS) - Universal Report, or to ensure that documentation had been retained supporting the reports.

The Health Center was unable to provide documents supporting the numbers reported in the Federal Financial Report (SF-425) and the Universal Data System (UDS) - Universal Report at the grant close-out.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. . . ."

2 CFR 200.327 states:

"Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting."

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not developed a system of internal control that would have ensured compliance, or that supporting documentation, was maintained and available for audit, related to the compliance requirement listed above.

*Effect*

The failure to establish an effective internal control system and to maintain supporting documentation for the reports prevented the determination of the County's compliance with the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish a system of internal controls to ensure documentation be maintained and made available for audit related to the grant agreement and the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2020-006**

Subject: Health Center Program Cluster - Special Tests and Provisions - Sliding Fee Discounts  
Federal Agency: Department of Health and Human Services  
Federal Program: Health Center Program (Community Health Centers, Migrant Health Centers,  
Health Care for the Homeless, and Public Housing Primary Care)  
Assistance Listings Number: 93.224  
Federal Award Number and Year (or Other Identifying Number): H80CS29006-01-05  
Compliance Requirement: Special Tests and Provisions - Sliding Fee Discounts  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

The Health Center did not have a system in place to verify the accuracy of the sliding fee discount schedule. The Health Center did not accurately apply sliding fee discounts to patient charges for 2020.

The lack of internal controls and noncompliance were systemic issues, which occurred throughout the audit period.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

42 USC 254b(k)(3)(G) states in part:

"the center—

(i) has prepared a schedule of fees or payments for the provision of its services consistent with locally prevailing rates or charges and designed to cover its reasonable costs of operation and has prepared a corresponding schedule of discounts to be applied to the payment of such fees or payments, which discounts are adjusted on the basis of the patient's ability to pay; . . ."

42 CFR 51c.303 states in part:

"A community health center supported under this subpart must: . . .

(f) Have prepared a schedule of fees or payments for the provision of its services designed to cover its reasonable costs of operation and a corresponding schedule of discounts adjusted on the basis of the patient's ability to pay. Provided, That such schedule of discounts shall provide for a full discount to individuals and families with annual incomes at or below those set forth in the most recent CSA Poverty Income Guidelines (45 CFR 1060.2) and for no discount to individuals and families with annual incomes greater than twice those set forth in such Guidelines, except that nominal fees for services may be collected from individuals with annual incomes at or below such levels where imposition of such fees is consistent with project goals.

(g) Make every reasonable effort, including the establishment of systems for eligibility determination, billing, and collection, to: . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the County in noncompliance with the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish a system of internal control, including segregation of duties, to ensure compliance and to comply with the grant agreement and the Special Tests and Provisions - Sliding Fee Discounts compliance requirement.

*Views of Responsible Officials*

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

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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.



**Kimberly A. Walton, Auditor**  
**Jennie K. Bailey, Chief Deputy Auditor**

Wayne County Administration Building  
401 East Main Street  
Richmond, IN 47374

<http://www.co.wayne.in.us>

Phone: 765-973-9317

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2019-001***

Fiscal year in which the finding initially occurred: 2019

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

Status of Audit Finding:

This audit finding will be an ongoing project for the Auditor's office. When I became Chief Deputy Auditor in 2015, I began reviewing past years reporting for the upcoming years Annual Financial Report. In 2016 the County was audited for 2014 and 2015 by SBOA. During that time, I worked with the field examiner and learned more about the SEFA and some of the intricacies of it. Since then, I have worked with all the departments on getting better information from them when applying for and receiving all grants. The Commissioners have adopted, in 2021, a new grant application system that involves the Commissioners, Council and the Auditor's office prior to submission of the grant. I have also asked that the departments be more involved with the SEFA and gather information from them to fill it out. We will continue this process and gather as much information that we can and transfer it to the SEFA.

### ***FINDING 2019-002***

Fiscal year in which the finding initially occurred: 2016

Subject: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and public Housing Primary Care) Reporting

Status of Audit Finding:

No changes were made from prior audit. This grant has ended, and Wayne County will not be applying for this grant in the future.

### ***FINDING 2019-003***

Fiscal year in which the finding initially occurred: 2017

Subject: Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) – Special Tests and Provisions – Sliding Fee Discounts

Status of Audit Finding:

No changes were made from prior audit. This grant has ended, and Wayne County will not be applying for this grant in the future.



**Kimberly A. Walton, Auditor**  
**Jennie K. Bailey, Chief Deputy Auditor**

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## CORRECTIVE ACTION PLAN

### ***FINDING 2020-001***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9319

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Auditor will print the audit report for each day's quietus. The Auditor will review and make sure that all deposits are entered into accounts other than miscellaneous so there is a description of what the funds are for. This will be reviewed by the Chief Deputy Auditor if the Auditor is out of the office.

Anticipated Completion Date: 02/09/2022, this process is already in place.

### ***FINDING 2020-004***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9319

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

I have set up a spreadsheet that will be updated each time we get an ach for a federal grant. The Chief Deputy will update the spreadsheet in the Auditor's absence. At the end of the month, the expenses will be entered into the spreadsheet. At the end of the year, the totals will flow through to the total page that will then be uploaded to gateway. The Auditor will still have the Bridge and Highway department submit their spreadsheets confirming the Auditor's information. The Auditor will also send an email to each bookkeeper in the perspective departments of the grant holders to verify the deposits and expenses and explain any differences. The Chief Deputy will double check the spreadsheet quarterly and then also once the information is uploaded to gateway.

This report is set up to make all County Auditor's fail. If the Auditor of State's office cannot send the ach information correctly, how can the auditor's supposed to be accurate?

Anticipated Completion Date: This will always be a work in progress.



**Kimberly A. Walton, Auditor**  
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***FINDING 2020-005***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9319

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

We no longer have this grant. We do not anticipate applying for this grant in the future.

Anticipated Completion Date: We no longer have this grant.

***FINDING 2020-006***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9319

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

We no longer have this grant. We do not anticipate applying for this grant in the future.

Anticipated Completion Date: We no longer have this grant.



**Wayne County Government**

Debra Berry  
Clerk of Courts  
Wayne County Courthouse  
301 East Main Street  
Richmond, IN 47374  
Phone: (765) 973-9220

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**CORRECTIVE ACTION PLAN**

***FINDING 2020 - 002***

Contact Person Responsible for Corrective Action: Debra Berry, Clerk  
Contact Phone Number: 765-973-9224

Views of Responsible Official: I agree with the finding.

Description of Corrective Action Plan: Due to staff turnover, short staffing during the pandemic, a hiring freeze and a Presidential election, our bank reconciliation fell behind. We have added an assistant bookkeeper position to help with the daily financial reporting in Odyssey and preparing the bank deposits. The financials are in balance and our bank reconciliations are current. Better internal controls have been implemented in which the bookkeeper completes the bank reconciliation and the 46-CR monthly. All daily and monthly reports are reviewed and confirmed by the Clerk and/or the bookkeeper.

Anticipated Completion Date: We have already implemented the process of documentation by the second person reviewing financial reports and statements in the Clerk's office. This process began immediately upon identifying the need for physical documentation.



Office of  
WAYNE COUNTY  
SHERIFF  
RANDY RETTER

200 East Main Street  
Richmond, Indiana 47374

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rretter@co.wayne.in.us

## CORRECTIVE ACTION PLAN

### ***FINDING 2020-003***

Contact Person Responsible for Corrective Action: Randall L. Retter  
Contact Phone Number: 765-973-9393

Views of Responsible Official:  
We concur with the finding



#### Description of Corrective Action Plan:

The Inmate Trust Fund and Commissary Fund bank reconciliations are performed by the Finance Manager and there are routine reviews by one of our Command Staff members. However, there was no documentation of the review. We are in the process of having our previous reconciliations reviewed again and documented. From this point forward we will have the reconciliations documented after being reviewed by a staff member.

Anticipated Completion Date: by the end of April

Major Rick A. Thalls  
Chief Deputy

Captain Andrew Abney-Brotz  
Jail Commander

## 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/>.