

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

FAYETTE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
03/29/2022

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> | 3-4 |
| Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 5-7 |
| Schedule of Expenditures of Federal Awards and Accompanying Notes: | |
| Schedule of Expenditures of Federal Awards | 10-11 |
| Notes to Schedule of Expenditures of Federal Awards..... | 12 |
| Schedule of Findings and Questioned Costs..... | 13-17 |
| Auditee-Prepared Documents: | |
| Summary Schedule of Prior Audit Findings..... | 20 |
| Corrective Action Plan | 21-22 |
| Other Reports..... | 23 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|----------------------------|--|
| County Auditor | Jane Downard | 01-01-20 to 12-31-22 |
| County Treasurer | LaVonda Glover | 01-01-20 to 12-31-22 |
| Clerk of the Circuit Court | Lisa Witt | 01-01-20 to 12-31-22 |
| County Sheriff | David J Laughlin | 01-01-20 to 12-31-22 |
| County Recorder | Ruth Nutty | 01-01-20 to 12-31-22 |
| President of the Board of County Commissioners | Gary Naylor Dale Strong | 01-01-20 to 12-31-20 01-01-21 to 12-31-22 |
| President of the County Council | Mike Wenta | 01-01-20 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 FAYETTE 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 Fayette 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 14, 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 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.

Fayette 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 14, 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 FAYETTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Fayette 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. 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.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2020.

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)

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.

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 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)

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 14, 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

March 14, 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.

FAYETTE 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> | | | | | |
| COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii OCRA COVID-19 Rapid Response Grant | Indiana Office of Community and Rural Affairs | 14.228 | CV-CV1-113 CV-CV1-236 | \$ 243,750 243,750 | \$ 250,000 250,000 |
| Sub-total - COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | | | | <u>487,500</u> | <u>500,000</u> |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | Indiana Office of Community and Rural Affairs | 14.228 | WW-18-103 | - | 550,000 |
| Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | | | | <u>487,500</u> | <u>1,050,000</u> |
| Total - Department of Housing and Urban Development | | | | <u>487,500</u> | <u>1,050,000</u> |
| <u>Department of Justice</u> | | | | | |
| Crime Victim Assistance Victims Assistance Grant | Indiana Criminal Justice Institute | 16.575 | VOCA-2018-00111 | - | 47,907 |
| Violence Against Women Formula Grants STOP Grant | Indiana Criminal Justice Institute | 16.588 | STOP-2019-00015 | - | 17,656 |
| Bulletproof Vest Partnership Program Bulletproof Vests | Indiana Criminal Justice Institute | 16.607 | FY2019 | - | 4,427 |
| Equitable Sharing Program RICO Forfeiture | Direct Grant | 16.922 | FY2020 | - | 9,732 |
| Total - Department of Justice | | | | - | <u>79,722</u> |
| <u>Department of Transportation</u> | | | | | |
| Highway Planning and Construction Cluster Highway Planning and Construction County Bridge Planning and Construction County Bridge Planning and Construction | Indiana Department of Transportation | 20.205 | DES 1500280 DES 1702761 | - - | 19,706 12,473 |
| Total - Highway Planning & Construction | | | | - | <u>32,179</u> |
| Total - Highway Planning and Construction Cluster | | | | - | <u>32,179</u> |
| Formula Grants for Rural Areas and Tribal Transit Program Public Transportation Grant Public Transportation Grant | Indiana Department of Transportation | 20.509 | EDS A249-20-G190097 EDS#A249-19-G180482 | 82,007 26,382 | 82,007 26,382 |
| Total - Formula Grants for Rural Areas and Tribal Transit Program | | | | <u>108,389</u> | <u>108,389</u> |

FAYETTE 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 |
|--|---|----------------------------|---|--------------------------------|-------------------------------|
| E-911 Grant Program E911 Dispatch Radio System Upgrade | Indiana Statewide 911 Board | 20.615 | FY 2020 | - | 22,833 |
| Total - Department of Transportation | | | | 108,389 | 163,401 |
| <u>Department of the Treasury</u> | | | | | |
| COVID-19 - Coronavirus Relief Fund COVID-19 Testing Grant CARES ACT Provider Relief Fund | Indiana State Department of Health Indiana Finance Authority | 21.019 | 45093 FY 2020 | - - | 6,557 747,731 |
| Total - COVID-19 - Coronavirus Relief Grant | | | | - | 754,288 |
| Total - Department of the Treasury | | | | - | 754,288 |
| <u>Department of Health and Human Services</u> | | | | | |
| Public Health Emergency Preparedness Bioterrorism Preparedness Bioterrorism Preparedness | Indiana State Department of Health | 93.069 | 35388 43908 | - - | 20,120 9,437 |
| Total - Public Health Emergency Preparedness | | | | - | 29,557 |
| Child Support Enforcement Prosecutor's IV-D Incentive Clerk's IV-D Incentive Title IV-D Reimbursement | Indiana Department of Child Services | 93.563 | FY2020 FY2020 FY2020 | - - - | 25,733 23,853 194,763 |
| Total - Child Support Enforcement | | | | - | 244,349 |
| Total - Department of Health and Human Services | | | | - | 273,906 |
| <u>Department of Homeland Security</u> | | | | | |
| Emergency Management Performance Grants Emergency Management Performance Grant Sheriff's Department ATV | Indiana Department of Homeland Security | 97.042 | 41133 EMW-2016-SS-00078 | - - | 18,050 12,676 |
| Total - Emergency Management Performance Grants | | | | - | 30,726 |
| Total - Department of Homeland Security | | | | - | 30,726 |
| Total federal awards expended | | | | \$ 595,889 | \$ 2,352,043 |

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

FAYETTE 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.

FAYETTE 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? | 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 Programs and type of auditor's report issued on compliance for each:

| Assistance Listings Number | Name of Federal Program or Cluster | Opinion Issued |
|----------------------------|---|----------------|
| 14.228 | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | Unmodified |
| 21.019 | COVID-19 - Coronavirus Relief Fund | Unmodified |

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

| | |
|--|----|
| Auditee qualified as low-risk auditee? | no |
|--|----|

Section II - Financial Statement Findings

FINDING 2020-001

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

Repeat Finding

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

Condition and Context

The County had not established effective internal controls over the federal award information entered in 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).

FAYETTE 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 of the SEFA.

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

1. The Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii passed through to subrecipient amounts were overstated by \$550,000.
2. The Formula Grants for Rural Areas and Tribal Transit Program expenditures were overstated by \$107,373, and passed through to subrecipient amounts were understated by \$108,389.
3. Additional grants had individually immaterial errors that resulted in overstatements of expenditures totaling \$12,414.
4. Other errors identified included incorrect program names, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

FAYETTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.62 states in part:

"Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

(a) Transactions are properly recorded and accounted for, in order to:

(1) Permit the preparation of reliable financial statements . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. 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.
- (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."

FAYETTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 - Clerk of the Circuit Court
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The Clerk of the Circuit Court (Clerk) had not established an effective system of internal control over financial transactions and reporting.

The Clerk's Supplemental Annual Report (CAR-1) for 2020 was filed with incorrect amounts. The incorrect information was subsequently used by the County Auditor when entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the County's Annual Financial Report (AFR) and financial statement.

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:

"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. . . ."

FAYETTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Effect

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The AFR and financial statement presented for audit were incorrect.

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.



FAYETTE COUNTY, INDIANA

OFFICE OF THE AUDITOR, JANE E. DOWNARD

401 N. CENTRAL AVENUE, CONNERSVILLE, IN 47331
(765) 825-8987 OFFICE (765) 827-4936 FAX
AUDITOR@CO.FAYETTE.IN.US

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding:

We have implemented additional internal controls in an effort to avoid future findings.

Prior to completion of the 2020 SEFA, the auditor reviewed source documents of receipts made in grant funds. Verification of CFDA numbers and grant receipt amounts were performed to prevent receipted amounts being overstated or understated on particular grants.

Training was completed for the Accounts Receivable Deputy to identify and specify Child Support Enforcement amounts that are state monies and do not need included on the SEFA. A change in deputy occurred mid-year; in future, more specific training will need to be done whenever there is a change in staff or duties to be sure the new person in this position understands how to differentiate federal monies from state.

In prior years, the Grant Administrator reviewed and signed off on the SEFA. In 2019, due to a change in personnel, that did not happen. Prior to completion of the 2020 SEFA, we resumed having the Grant Administrator review and sign off on the SEFA to help catch any errors in receipting or names. This review of the grant schedules by the Grant Administrator will continue to be done annually.



FAYETTE COUNTY, INDIANA
OFFICE OF THE AUDITOR, JANE E. DOWNARD

401 N. CENTRAL AVENUE, CONNERSVILLE, IN 47331
(765) 825-8987 OFFICE; (765) 827-4936 FAX

CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: Jane Downard
Contact Phone Number: 765-825-8987

We concur with the finding 2020-001.

Description of Corrective Action Plan:

Prior to completion of the 2022 SEFA, the auditor will review source documents of receipts made in grant funds. Verification of CFDA numbers and grant receipt amounts will be performed to prevent receipted amounts being overstated or understated on particular grants.

Additional training will be done for the Accounts Receivable Deputy to identify and specify Child Support Enforcement amounts that are state monies and do not need included on the SEFA.

The Grant Administrator will review and sign off on the SEFA to help catch any errors in receipting or names.

Auditor will review with staff the training materials from State Board of Accounts pertaining to completion of SEFA, and will take advantage of any additional training offered in regards to correct reporting of Federal Awards.

Anticipated Completion Date: This will be done in 2022 when the Annual Financial Report for 2021 is prepared and submitted.

Jane Downard
(Signature)

Auditor
(Title)

3/14/2022
(Date)



Fayette County Clerk – Lisa Witt

Fayette County Government Center
401 Central Ave
Connersville, IN 47331

Phone 765-825-1813
Fax 765-827-4902
Email clerk@co.fayette.in.gov

CORRECTIVE ACTION PLAN

FINDING 2020 - 002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Lisa Witt - Clerk
Contact Phone Number: 765-825-1813

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Our office will maintain both an electronic and paper copy of the CAR Report and an excel spreadsheet showing how the numbers were figured and report generated on the Bookkeeper's computer. We will pull the previous year CAR Report to verify beginning balance matches prior year ending balance. We will make sure each month's totals match our bank reconcile documents. These documents, along with supporting evidence, will be presented to the Clerk for internal control verification and then signed and dated showing this action was completed.

Documents to be submitted for approval will be:

Copy of prior year CAR report

Excel spread sheet showing prior year figures

Copy of current year ISET monthly 205 reports showing month end amounts

Copy of current year Trust Month End reports showing month end amounts

Current year CAR report

Current year Excel spread sheet showing beginning balance same as prior year ending balance

Anticipated Completion Date: Implemented March 2022 moving forward indefinitely.

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/>.