

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

ELKHART COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
03/30/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Patricia A. Pickens	01-01-20 to 12-31-22
County Treasurer	Tina M. Bontrager	01-01-20 to 12-31-22
Clerk of the Courts	Christopher J. Anderson	01-01-20 to 12-31-22
County Sheriff	Jeffery A. Siegel	01-01-20 to 12-31-22
Recorder	Jennifer L. Doriot	01-01-20 to 12-31-22
President of the Board of County Commissioners	Mike L. Yoder Suzanne M. Weirick	01-01-20 to 12-31-20 01-01-21 to 12-31-22
President of the County Council	John K. Letherman Thomas W. Stump	01-01-20 to 12-31-20 01-01-21 to 01-01-22



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

TO: THE OFFICIALS OF ELKHART 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 statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elkhart County (County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 21, 2022. The opinion on the discretely presented component units was qualified because the discretely presented component units' accumulated depreciation was not recognized for three of the four libraries entirely and one of the libraries did not have accumulated depreciation for books. Also, there was no compensated absences or accrued payroll wages and withholdings for all four libraries. Therefore, these items were not properly included in the County's financial statements.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, 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 statements, 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 statements 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  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are 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, 2020-002, and 2020-003.

***Elkhart 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 statements, 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 21, 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 ELKHART COUNTY, INDIANA

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

We have audited Elkhart 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)

**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 2020-004. Our opinion on each 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.

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 item 2020-004, 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.

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 statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 21, 2022, which contained unmodified opinions on those financial statements except for the discretely presented component units, for which the opinion was qualified. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 21, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program 4925			FY 19-20	\$ -	\$ 3,903
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553			
COVID-19 - School Breakfast Program			FY 19-20	-	1,949
Total - School Breakfast Program				-	5,852
National School Lunch Program	Indiana Department of Education	10.555			
			FY 19-20	-	6,234
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555			
COVID-19 - National School Lunch Program			FY 19-20	-	3,104
Total - National School Lunch Program				-	9,338
Total - Child Nutrition Cluster				-	15,190
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana State Department of Health	10.557			
W.I.C. 8102-980			400100557WPCG019	-	108,539
W.I.C. 8101-312			40010557WICAD18	-	831,856
Total - WIC Special Supplemental Nutrition Program for Women, Infants, and Children				-	940,395
Total - Department of Agriculture				-	955,585
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
V.O.C.A Grant 1000-159			VOCA-2020-00012	-	120,997
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
S.T.O.P 8108			STOP-2019-00044	-	30,933
Equitable Sharing Program	Direct Grant	16.922			
County Seizure of Assets 4912			5043	-	198,662
Total - Department of Justice				-	350,592
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Cumulative Bridge 1135			Des 1700309	-	78,791
LIT - Economic Development - 1112			Des 1401749	-	97,411
LIT - Economic Development			Des 1700310	-	24,063
LIT-Economic Development - 1112			Des 1702848	-	78,476
Cumulative Bridge 1135			Des 1592887	-	100,534
LIT- Economic Development 1112			Des 1900486	-	101,618
Total - Highway Planning and Construction				-	480,893

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Recreational Trails Program	Indiana Department of Natural Resources	20.219	RT15006	-	90,541
Total - Highway Planning and Construction Cluster				-	571,434
Highway Safety Cluster					
State and Community Highway Safety Highway Safety Program - Operation Pull Over 8113	Indiana Criminal Justice Institute	20.600	CHIRP-2020-00027	20,016	20,016
Total - Highway Safety Cluster				20,016	20,016
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Highway Safety Program - DUI Taskforce 8141	Indiana Criminal Justice Institute	20.608	CHIRP-2020-00027	11,623	11,623
Total - Department of Transportation				31,639	603,073
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund		21.019			
Covid-19 CARES CRF	Indiana Finance Authority		FY 2020	-	6,669,143
Coronavirus Relief Fund	Indiana State Department of Health		FY 2020	-	45,120
Total - COVID-19 - Coronavirus Relief Fund				-	6,714,263
Total - Department of the Treasury				-	6,714,263
<u>Environmental Protection Agency</u>					
State Indoor Radon Grants	Indiana State Department of Health	66.032	A70-5-150413	-	2,190
Diesel Emissions Reduction Act (DERA) State Grants	Indiana Department of Environmental Management	66.040	00E66704	-	142,703
Total - Environmental Protection Agency				-	144,893
<u>Election Assistance Commission</u>					
COVID-19 - 2020 HAVA CARES Act Grant Covid Cares Election Division	Indiana Secretary of State	90.404	IN20101CARES	-	15,288
Total - Election Assistance Commission				-	15,288
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
Public Health Preparedness Grant 8119-981			40093074PHEPA18	-	6,475
Public Health Preparedness Grant 8119-980			40093074PHEPA19	-	20,600
Total - Public Health Emergency Preparedness				-	27,075

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) SAMSHA System of Care	Direct Grant	93.104	1H79SM063404-01	668,858	668,858
			1H79SM082981-01	57,349	57,349
				<u>726,207</u>	<u>726,207</u>
Total - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				<u>726,207</u>	<u>726,207</u>
Child Support Enforcement Indirect Costs General 1000 Title IV-D Reimbursements Clerk 1000-101 County IV-D Incentive 8895 Prosecutor IV-D Incentive 8897 Title IV-D Reimbursements Prosecuting Attorney 1000-158 Title IV-D Reimbursements County General (courts) 1000-171 Clerk IV-D Incentive 8899	Indiana Department of Child Services	93.563	FY 2020	-	221,296
			1704INCSES	-	131,527
			1704INCSES	-	90,596
			1704INCSES	-	176,132
			1704INCSES	-	1,262,237
			1704INCSES	-	182,833
			1704INCSES	-	58,971
				<u>-</u>	<u>2,123,592</u>
Total - Child Support Enforcement				<u>-</u>	<u>2,123,592</u>
Opioid STR Justice Partners Addiction 9146 Justice Partners Addiction 9146	Indiana Supreme Court	93.788	20-5JC89-C20-024	-	60,000
			21-5JC89-C20-001	-	6,725
				<u>-</u>	<u>66,725</u>
Total - Opioid STR				<u>-</u>	<u>66,725</u>
Maternal and Child Health Services Block Grant to the States Maternal & Child Health Grant 8127	Indiana State Department of Health	93.994	B04MC32539	-	33,728
				<u>-</u>	<u>33,728</u>
Total - Department of Health and Human Services				<u>726,207</u>	<u>2,977,327</u>
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Emergency Management Salary Reimbursement 1000-137	Indiana Department of Homeland Security	97.042	EMC-2020-EP-00001	-	71,467
				<u>-</u>	<u>71,467</u>
Homeland Security Grant Program DEOBLIGATED 2016 SHSP FUNDS DEOBLIGATED 2016 SHSP 2	Indiana Department of Homeland Security	97.067	38246	-	9,980
			39414	-	178,965
				<u>-</u>	<u>188,945</u>
Total - Homeland Security Grant Program				<u>-</u>	<u>188,945</u>
Total - Department of Homeland Security				<u>-</u>	<u>260,412</u>
Total federal awards expended				<u>\$ 757,846</u>	<u>12,021,433</u>

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

ELKHART 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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statements:

Type of auditor's report issued:

<u>Name of Opinion Unit</u>	<u>Opinion Issued</u>
Governmental activities	Unmodified
Business-type activities	Unmodified
Aggregate discretely presented component units	Qualified
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified
93.563	Child Support Enforcement	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: Financial Transactions and Reporting - Primary Government  
Audit Findings: Material Weakness, Noncompliance

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

There were several deficiencies in the internal control system of the Primary Government related to financial transactions and reporting.

*Loan Receivable and Advances to and from Other Funds*

The County Auditor's office tracked loan receivables and advances to and from other funds through a Microsoft Excel spreadsheet. There was no documented oversight, review, or approval process to ensure the reported loan receivables and advances to and from other funds were accurate prior to compilation of the financial statements. Advances to other funds for the Landfill enterprise fund were understated by \$1,462,521, and advances from other funds for the Cumulative Voting System capital projects fund were understated by \$1,462,521. Adjustments were proposed, approved by management, and made to the financial statements.

*Bonds Payable*

A master debt schedule was maintained in the County Auditor's office; however, there was no documented oversight, review, or approval process to ensure the reported bonds payable was accurate prior to compilation of the financial statements.

*Total OPEB Liability*

The County contracted with an actuary to calculate the total OPEB liability. Census data provided to the actuary did not have a documented oversight, review, or approval process to ensure census data was accurate prior to submission.

*Custodial Funds - Additions and Deductions*

Custodial funds accrual adjustments to reverse 2019 accounts payable activity were incorrectly performed. As a result, the custodial funds additions and deductions amounts were overstated by \$27,993,271 on the Statement of Changes in Fiduciary Net Position - Fiduciary Funds. Adjustments were proposed, approved by management, and made to the financial statements.

*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. . . ."

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

*Cause*

Management had not established a proper system of internal control related to financial transactions and reporting.

*Effect*

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The financial statements 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 - Component Units  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

There were several deficiencies in the internal control system of the Component Units of the County related to financial transactions and reporting.

*Library Component Units - Annual Financial Report*

There was no documented oversight, review, or approval process of the Annual Financial Report, which was used for compilation purposes for inclusion in the County's financial statements, for the following discretely presented component units of the County: Elkhart Public Library, Nappanee Public Library, and Wakarusa-Olive and Harrison Township Library. In addition, clearing accounts reported within Nappanee Public Library's Annual Financial Report were included in the County's financial statements. Audit adjustments to remove material clearing accounts were proposed, approved by management, and made to the financial statements.

*Library Component Units - Accumulated Depreciation, Accrued Wages and Withholdings Payable, Compensated Absences, and Capital Assets*

Accumulated depreciation, accrued wages and withholdings payable, and compensated absences were not presented in the County's financial statements for the following discretely presented component units of the County: Middlebury Public Library, Nappanee Public Library, and Wakarusa-Olive and Harrison Township Library. In addition, beginning capital asset balances did not agree with the subsidiary capital asset records of the libraries, and there was no review over capital asset schedules. Additionally, there was no capital asset policy for Wakarusa-Olive Township Harrison Township Library.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Accumulated depreciation for books, accrued wages and withholdings payable, and compensated absences were not presented in the County's financial statements for Elkhart Public Library, a component unit of the County. In addition, there was no sufficient audit evidence to substantiate the beginning balance of books at Elkhart Public Library.

*Component Unit - Wakarusa-Olive and Harrison Township Library*

The Wakarusa-Olive and Harrison Township Library (Library) used a service organization to compile their bank reconciliations. The Library did not have a documented oversight, review, or approval process over the bank reconciliations to ensure the bank reconciliations were accurate.

*Component Unit - Elkhart County Solid Waste Management District (District)*

The District had not separated incompatible activities related to accounts receivable, accounts payable, revenue and expenses. Accounts receivable and accounts payable were compiled by one employee for inclusion in the County's financial statements. There was no documented oversight, review, or approval process over the compilation of accounts receivable and accounts payable for accuracy. Revenue and expenses were posted into the ledger by one employee. There was no documented oversight, review, or approval process over the postings of revenue and expenses for accuracy.

*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. . . ."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management and its Component Units had not established a proper system of internal control related to financial transactions and reporting.

*Effect*

The omission of reporting accumulated depreciation, accrued wages and withholdings payable, and compensated absences for the library component units in the County's financial statements were material for the discretely presented component units of the County. A qualified opinion was issued for the discretely presented component units of the County as of and for the year ended December 31, 2020.

*Views of Responsible Officials*

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

*Auditor's Response*

The County should have processes and procedures in place to obtain and verify the financial information and internal controls from its component units to prepare fairly presented financial statements that would include all necessary elements of a GAAP financial statement.

**FINDING 2020-003**

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 2019-002.

*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. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. WIC Special Supplemental Nutrition Program for Women, Infants, and Children grant expenditures were overstated by \$847,046.
2. Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) amount passed-through to subrecipients was understated by \$726,207.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

3. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$1,188,090, in total.
4. Other errors included incorrect program names, pass-through entities, CFDA numbers, and identifying numbers.

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

*Criteria*

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

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

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

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

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. . . ."

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

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

*Cause*

Management had not established an effective 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.

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2020-004**

Subject: Child Support Enforcement - Allowable Costs/Cost Principles  
Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2020, 1704INCSES  
Pass-Through Entity: Indiana Department of Child Services  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

An effective internal control system was not in place at the County to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Documentation supporting the time charged to the Child Support (IV-D) program for an employee in the Prosecutor's office who worked on both IV-D and non-IV-D activities was not properly maintained. The same hours were consistently reported every pay period rather than actual time worked. Fringe Benefits that were directly associated with the payroll were also paid.

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 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

ELKHART COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.430(i) states in part:

*"Standards for documentation of Personnel Expenses*

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
  - (i) Be supported by a system of internal control which provides reasonable assurance the charges are accurate, allowable, and properly allocated;
  - (ii) Be incorporated into the official records of the non-Federal entity;
  - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
  - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the compliance requirement listed above.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement listed above could have resulted in the loss of funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish internal controls to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles 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.

# *Elkhart County Auditor's Office*

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2019-001** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2019

Contact Person Responsible for Corrective Action: Patricia A. Pickens

Contact Phone Number: (574)535-6719

Status of Audit Finding:

As of our most recent audit, improvements have been made towards this finding. Efforts will continue to be made to improve financial transaction and reporting areas found in the 2020 audit finding.

# *Elkhart County Auditor's Office*

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2019-002** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2019

Contact Person Responsible for Corrective Action: Patricia A. Pickens

Contact Phone Number: (574)535-6719

Status of Audit Finding:

Due to the timing of our last audit and staffing changes this finding has not been corrected. First Deputy Auditor and Auditor will be reaching out to State Board of Accounts and Baker Tilly to get guidance and assistance on proper reporting of the Schedule of Expenditures of Federal Awards (SEFA). We will be seeking training and guidance to ensure future audit reporting of SEFA is accurate.



Elkhart County Health Department

## Health Officer

608 Oakland Ave. | Elkhart, IN 46516 | 574-523-2105

[elkhartcountyhealth.org](http://elkhartcountyhealth.org)

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### FINDING 2019-003

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: The finding has been corrected.

The situation occurred in 2019 and the audit finding was corrected September of 2020. There were no transactions in 2020 that triggered the Suspension and Debarment requirements which is paying a vendor over \$25,000. If there would have been a transaction greater than \$25,000, we would seek grant approval before the selection of a vendor due to budgetary requirements. Once approved, the vendor would be chosen from an approved grant vendor list ensuring the vendor is eligible to receive the grant dollars.

Dr. Bethany Wait  
Elkhart County Health Officer

*Improving the Lives, Health and Environment of our Community*



**Public Health**  
Prevent. Promote. Protect.



## ELKHART COUNTY PARKS

211 West Lincoln Avenue | Goshen, Indiana 46526-3280

Phone: 574-535-6458 | Fax: 574-535-6616

www.elkhartcountyparks.org

### Summary Schedule of Prior Audit Findings

*Finding 2019-003*

*Fiscal year in which the finding initially occurred: 2019*

*Status of Audit Finding: The finding has been corrected.*

Contact Person Responsible: Ronda DeCaire, Director

Contact Phone Number: (574) 535-6458

Views of Responsible Official: The situation occurred in 2019 and the audit finding was corrected in October of 2020. There were no grants transactions in 2020 that triggered the Suspension and Debarment requirements which is paying a vendor over \$25,000. If there would have been a transaction greater than \$25,000, we would seek grant approval before the selection of a vendor due to budgetary requirements. Once approved, the vendor would be chosen from an approved grant vendor list ensuring the vendor is eligible to receive the grant dollars.

# *Elkhart County Auditor's Office*

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2019-004*** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2019

Contact Person Responsible for Corrective Action: Patricia A. Pickens

Contact Phone Number: (574)535-6719

Status of Audit Finding:

As of our most recent audit, this finding has been corrected.

County Ordinance No. CO-2020-41 was created to allow advance payment to be made without having to go through the normal claims process. This allows the reimbursement to the subrecipient to occur within the 72-hour window allotted by the Federal program.



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## CORRECTIVE ACTION PLAN

### **FINDING 2020-001**

Contact Person Responsible for Corrective Action: Patricia A. Pickens, Auditor and Tiara Jackson, First Deputy Auditor  
Contact Phone Number: 574-535-6719

We concur with this finding.

**Description of Corrective Action Plan:** Auditor and First Deputy Auditor will document oversight and review of the loan receivables and advances to and from other funds as well as the bonds payable prior to submission of information to Baker Tilly for compilation of GAAP Financial Statements.

Human Resources submits the OPEB information to the actuary to calculate. Auditor and/or First Deputy Auditor will work with Human Resources to ensure census data provided to the actuary is reviewed for accuracy prior to submission.

Auditor and First Deputy Auditor will work with Baker Tilly to ensure accrual adjustments for accounts payable activity are performed correctly.

Due to the timing of this audit the anticipated completion date:01/01/2023



## CORRECTIVE ACTION PLAN

### ***FINDING 2020-002***

Contact Person Responsible for Corrective Action: Thomas Stump, Council President; Suzanne Weirick, President of the Board of Commissioners and Patricia A. Pickens, Auditor  
Contact Phone Number: 574-535-6719

We do not concur with Library portion of this finding. While Elkhart County has appointments to the four different Libraries listed, we have no oversight into their day-to-day operations or internal controls.

We do concur with the Solid Waste Management District portion of this finding.

**Description of Corrective Action Plan:** County Auditor will work with Council President and Board of Commissioners President to work with their library board appointees to assist with oversight and strengthening their internal controls.

Solid Waste Management District was dissolved as of 12/31/2020.

Anticipated Completion Date:01/01/2023



## CORRECTIVE ACTION PLAN

**FINDING 2020-003**

Contact Person Responsible for Corrective Action: Patricia A. Pickens & Tiara Jackson  
Contact Phone Number: 574-535-6719

We concur with the finding

**Description of Corrective Action Plan:** Auditor and First Deputy Auditor will reach out to State Board of Accounts and the Indiana Auditor's Association to see if additional information and training are available to obtain the proper information for documenting and reporting purposes. Auditor and First Deputy Auditor will work more closely with the departments to ensure we are receiving correct and complete information to complete the SEFA.

We have added a Grants Administrator to our staff as of 2/14/2022. Preparation of the SEFA will be one of her main duties. She will be working directly with departments to acquire the necessary paperwork throughout the year, so the Auditor's office has the proper documentation for reporting purposes. Auditor and First Deputy Auditor will then review the documentation and SEFA information for accuracy.

Anticipated Completion Date:01/01/2023



March 14, 2022

## CORRECTIVE ACTION PLAN

***FINDING 2020-004***

Contact Person Responsible for Corrective Action: Vicki Elaine Becker  
Contact Phone Number: 574-296-1888

Views of Responsible Official:

The subject employee and is the Business Manager of the Office of the Prosecuting Attorney for Elkhart County. Her daily duties for the IV-D Division include full in-house HR responsibilities, logistics and supply control responsibilities, and IT responsibilities. Actual time for this employee on IV-D matters is generally more than seven (7) hours per week. Rather than log actual/specific time spent on IV-D activities, the practice had been to significantly under-represent an average standard time allotment per week, namely four and five-tenths (4.5) hours per week. This was done for efficiency purposes in payroll, and Budget predictability. When we learned of the concern for this practice, we immediately re-evaluated our actions, and ceased the practice entirely. This was done for efficiency purposes in payroll, and Budget predictability. When we learned of the concern for this practice, we immediately re-evaluated our actions, and ceased the practice entirely. The complexity and inconsistency of logging the actual hours will cause added work for the employee. Accordingly, we have decided to forego IV-D compensation to the employee for work on IV-D matters and absorb those expenses in our regular Budget as an administrative cost.

Description of Corrective Action Plan:

Upon audit finding from the SBOA that our Office did not create/maintain proper documentation for actual time attributed to one employee, that portion of the subject employee's pay out of the Incentive Fund ended, effective 10/24/2021.

Anticipated Completion Date: 10/24/2021

## 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/>.