

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

FULTON COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
07/15/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Christina Sriver	01-01-21 to 12-31-22
County Treasurer	Katherine L. Adamson	01-01-21 to 12-31-22
Clerk of the Circuit Court	Teresa M. Furnivall Dawn Ziemek	01-01-21 to 06-30-22 07-01-22 to 12-31-22
President of the Board of County Commissioners	Bryan W. Lewis	01-01-21 to 12-31-22
President of the County Council	Phyl Olinger	01-01-21 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 FULTON 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 Fulton County (County), for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated June 30, 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.

Report On 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) as a basis for designing 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 2021-001 and 2021-002, 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)

Report On 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 item 2021-002.

Fulton County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. 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

June 30, 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 FULTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fulton 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

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)

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the County, as of and for the year ended December 31, 2021, and the related notes to the financial statement. We issued our report thereon dated June 30, 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 performed 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

June 30, 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.

FULTON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

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
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii 14.228 State Administered CDBG Program	Indiana Office of Community and Rural Affairs	14.228	CV-CV2-334	\$ 200,000	\$ 200,000
Total - Department of Housing and Urban Development				<u>200,000</u>	<u>200,000</u>
Department of Transportation					
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs 20.526 Section 5339 Capital Assistance Grant	Indiana Department of Transportation	20.526	A249-21-G200159	36,418	36,418
Total - Federal Transit Cluster				<u>36,418</u>	<u>36,418</u>
Highway Planning and Construction Cluster					
Highway Planning and Construction					
20.205 Countywide Bridge Inspection	Indiana Department of Transportation	20.205	DES #1592158	-	23,377
20.205 Local Bridge #32			DES #1702840	-	70,109
20.205 Local Bridge #50			DES #1702841	-	25,153
20.205 Local Bridge #161			DES #1902821	-	62,602
20.205 Old 31 Repaving Project			DES #1802911	-	56,042
Total - Highway Planning and Construction				-	<u>237,283</u>
Total - Highway Planning and Construction Cluster				-	<u>237,283</u>
Highway Safety Cluster					
State and Community Highway Safety					
20.60 Stop Arm Enforcement	Indiana Criminal Justice Institute	20.600	#0036569	-	612
20.600 CITLI (Click it to Live it)			CHIRP-2021-00030	-	2,376
Total - Highway Safety Cluster				-	<u>2,988</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
Driving While Intoxicated (DUI/F)	Indiana Criminal Justice Institute	20.608	CHIRP-2021-00030	-	515
Formula Grants for Rural Areas and Tribal Transit Program					
20.509 Section 5311 and PMTF Operating Assistance Grant	Indiana Department of Transportation	20.509	180939340	74,239	74,239
Total - Department of Transportation				<u>110,657</u>	<u>351,443</u>

FULTON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

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 the Treasury</u>					
COVID-19 - Coronavirus Relief Fund	Indiana State Department of Health	21.019			
21.019 Covid-Testing Clinic			#000046376	-	56,972
21.019 Coronavirus Relief Fund			FY 2021	-	65,186
Total - COVID-19 - Coronavirus Relief Fund				-	122,158
Coronavirus State and Local Fiscal Recovery Funds	Direct	21.027			
21.027 Coronavirus State and Local Fiscal Recovery			OMB Approval #1505-0271	-	5,000
Total - Department of the Treasury				-	127,158
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
93.069 PHEP 20-21			#0044770	-	11,276
93.069 PHEP			6NU90TP22052	-	1,723
Total - Public Health Emergency Preparedness				-	12,999
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Indiana State Department of Health	93.323			
93.323 Covid-Vaccination Clinic			46376	-	18,749
Child Support Enforcement	Indiana Department of Child Services	93.563			
Indirect Cost			FY 2021	-	80,948
Prosecutor Expenses			FY 2021	-	30,621
Clerk Expenses			FY 2021	-	18,677
95.563 Prosecutor IV-D Incentive-Post Oct '99			FY 2021	-	102,459
93.563 Clerk IV-D Incentive-Post Oct '99			FY 2021	-	7,889
Total - Child Support Enforcement				-	240,594
Total - Department of Health and Human Services				-	272,342
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
97.042 Emergency Management Performance Grant Program			EMC-2020-EP-00001-S01	-	21,592
BRIC: Building Resilient Infrastructure and Communities	Indiana Department of Homeland Security	97.047			
97.047 Pre-Disaster Mitigation Grant			EMC-2017-PC-0004	-	16,500
Total - Department of Homeland Security				-	38,092
Total federal awards expended				<u>\$ 310,657</u>	<u>\$ 989,035</u>

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

FULTON 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, 2021. 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.

FULTON 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 Highway Planning and Construction Cluster	Unmodified Unmodified

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

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

FINDING 2021-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not properly designed a system of internal control or separated incompatible activities related to receipts.

The County had internal controls in place to ensure the amount received was recorded, but the internal controls had not been designed or implemented to ensure the receipts were recorded in the proper fund.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls was a systemic issue throughout the audit period.

Criteria

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

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

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

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

Cause

Management had not established a proper system of internal control that separated incompatible activities related to receipts.

Effect

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

Views of Responsible Officials

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

FINDING 2021-002

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

Condition and Context

There were deficiencies in the internal control system of the County Treasurer related to financial transactions and reporting. The County Treasurer had not separated incompatible activities related to cash and investments and reporting.

The County Treasurer had not established a system of internal control to ensure monthly bank reconciliations were complete and accurate and that financial activity was accurately recorded in the County Treasurer's Daily Balance of Cash and Depositories (Cash Book) and reported to the County Auditor.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Due to the lack of effective internal controls, the following deficiencies were identified:

1. Monthly bank reconciliations were not prepared timely, contained numerous errors, and utilized incorrect balances. Bank reconciliations were prepared on average 72 days after month end with four months exceeding 100 days. On December 31, 2021, a difference of \$112,943 cash short existed between the depository account balance and the record balance.
2. The County Treasurer's Monthly Financial Report (Form 47TR) was to be prepared monthly with one copy retained by the County Treasurer and copies filed with the County Auditor for transmission to the Board of Finance, Board of County Commissioners, and Indiana State Board of Accounts. The reported depository balances, outstanding warrants, deposits in transit and interest reported did not agree to the supporting documentation provided. Additionally, the fund balances in the County Auditor's ledger were not in agreement with amounts reported in the County Treasurer's Cash Book.
3. The County Treasurer's Cash Book reported \$1,000,000 Investments in Funds; however, per the County Treasurer, the County did not have any investments and information presented for audit did not identify any investments held by the County.
4. The financial data reported by the County Treasurer to the County Auditor on the Supplemental Annual Financial Report (CAR-1 report) was not in agreement with the County Treasurer's Cash Book or the After Settlement Collections. Receipts differed by \$1,724,226; and disbursements differed by \$650,750.

Criteria

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

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

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

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

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The supplemental annual report forms are submitted by other county offices and departments to be used by the county auditor to provide complete financial information for the annual report by reporting financial activity that is maintained outside of the county auditor's system. The supplemental annual reports are only to be submitted with financial activity that is not eventually accounted for in the county's general ledger system. . . . (The County Bulletin and Uniform Compliance Guidelines, January 2014)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balances must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to enable the treasurer to comply with IC 5-13-5-1. It reflects the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the office at the close of each day.

The record is designed to be posted "daily," with a separate page for each day. The left side of the page shows the total amount of money for which the treasurer is accountable (charges), and the right side of the page shows the money on deposit invested or on hand (credits), as proof of the financial condition. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts.

FULTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

This report has been prescribed by the state board of accounts and designated as Form 47TR. This form is self-explanatory, and all of the information required can be obtained from the daily balance of cash and depositories, except for the bank balances shown on the bank statements and the amounts of the outstanding warrants which are obtained from the bank reconcilements. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

Cause

Management had not established a proper system of internal control that separated incompatible activities related to cash and investments and reporting.

Effect

Without a proper system of internal control in place that operated effectively, misstatements or irregularities remained undetected. The bank reconcilements and financial statement included the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

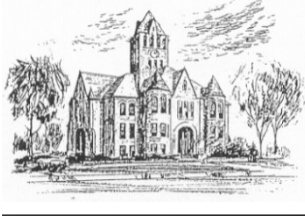
Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENTS

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



FULTON COUNTY AUDITOR'S OFFICE

Christina Sriver, Fulton County Auditor
125 E 9th Street, Suite 108
Rochester, IN 46975
Phone: (574) 223-2912
Fax: (574) 223-2211

Tuesday, August 17th, 2021

Summary Schedule of Prior Audit Findings

Finding 2020-001

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

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: The information reported in Gateway is entered by the Auditor and checked by a deputy auditor (usually the AP/AR deputy) against the report that was used to enter the information for accuracy. The federal grants are also kept on a spreadsheet and reviewed monthly for accuracy.

Finding 2020-002

Financial Transactions and Reporting: Material Weakness

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding (Payroll): The payroll deputy prints timeclock reports and compares to the pay vouchers and enters the information into the LOW payroll system. Once the payroll is run on a trial basis the Auditor compares pay vouchers against the trial calculation reports.

FULTON COUNTY TREASURER

Kathy Adamson, Treasurer

Summary Schedule of Prior Audit Findings

FINDING 2020-002

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding:

As of May 31, 2022 the Treasurer will process the Treasurer's Monthly Statement (47 TC) with the First Deputy reviewing upon completion. Both will initial and the Treasurer will upload the Gateway monthly.

Respectfully,

Kathy Adamson
Fulton County Treasurer

125 E 9th St
Suite 112
Rochester, IN 46975

PHONE 574-223-2913
FAX 574-223-7742
EMAIL treasurer@co.fulton.in.us
WEB SITE www.co.fulton.in.us



FULTON COUNTY AUDITOR'S OFFICE

Christina Sriver, Fulton County Auditor
125 E 9th Street, Suite 108
Rochester, IN 46975
Phone: (574) 223-2912
Fax: (574) 223-2211

Wednesday, June 29, 2022

CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person Responsible for Corrective Action: Christina Sriver
Contact Phone Number: 574-223-2912

Views of Responsible Official: Although there were no errors discovered during the audit period it is understood that errors could occur without having the daily receipts entered by one employee and reviewed by another.

Description of Corrective Action Plan: The daily receipts are entered by the AP/AR Deputy Auditor and reviewed by the Auditor and initialed by each.

Anticipated Completion Date: Immediately.

FULTON COUNTY TREASURER

Kathy Adamson, Treasurer

CORRECTIVE ACTION PLAN

FINDING 2021-002

Contact Person Responsible for Corrective Action: Kathy Adamson
Contact Phone Number: 574-223-2913

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

Monthly bank reconciliations and the County Treasurer's Monthly Financial Report will be performed monthly and submitted as required and the defective issues with reporting information will be corrected.

The County Treasurer's Cash Book report of \$1,000,000.00 Investment in funds has been corrected as of June 1, 2022.

CAR-1 report has been corrected and resubmitted to the Auditor.

Anticipated Completion Date:

The balance of issues that still need to be completed will have an anticipated completion date of September 1, 2022

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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/>.