

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WAYNE COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
08/10/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Kimberly A. Walton	01-01-21 to 12-31-22
County Treasurer	Nancy Funk	01-01-21 to 12-31-22
Clerk of the Circuit Court	Debra Berry	01-01-21 to 12-31-22
County Sheriff	Randy Retter	01-01-21 to 12-31-22
County Recorder	Debby Resh	01-01-21 to 12-31-22
President of the Board of County Commissioners	Kenneth E. Paust	01-01-21 to 12-31-22
President of the County Council	Robert Chamness Beth Leisure	01-01-21 to 12-31-21 01-01-22 to 12-31-22



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

TO: THE OFFICIALS OF WAYNE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Wayne County (County), for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated July 20, 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, 2021-002, 2021-003, and 2021-004, that we consider to be material weaknesses.

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

***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 items 2021-001, 2021-002, 2021-003, and 2021-004.

***Wayne County 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

July 20, 2022



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

TO: THE OFFICIALS OF WAYNE COUNTY, INDIANA

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

***Opinion on Each Major Federal Program***

We have audited Wayne County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 Responsibilities 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.

***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 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

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

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

**Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-005, to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-006 to be a significant deficiency.

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.

*Government Auditing Standards* require the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the other 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 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 July 20, 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

July 20, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

WAYNE COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 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 Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Community Development Block Grant	Indiana Office of Community and Rural Affairs	14.228	B-20-DW-18-0001	\$ -	\$ 250,000
Total - Department of Housing and Urban Development				-	250,000
<u>Department of Justice</u>					
Crime Victim Assistance Victim Assistance	Indiana Criminal Justice Institute	16.575	FY2021	-	35,171
Total - Department of Justice				-	35,171
<u>Department of Labor</u>					
Unemployment Insurance Rehabilitation Services	Indiana Family and Social Services	17.225	FY 2021	-	15
Total - Department of Labor				-	15
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge/Highway Reimbursements			DES1500293	-	7,347
Bridge/Highway Reimbursements			DES1600950	-	83,329
Bridge/Highway Reimbursements			DES1802930	-	75,965
Bridge/Highway Reimbursements			DES1802934	-	24,669
Bridge/Highway Reimbursements			DES1802936	-	54,352
Bridge/Highway Reimbursements			DES1902799	-	71,366
Bridge/Highway Reimbursements			DES1902802	-	79,383
Bridge/Highway Reimbursements			DES1902806	-	82,779
Total - Highway Planning and Construction				-	479,190
Total - Highway Planning and Construction Cluster				-	479,190
Minimum Penalties for Repeat Offenders for Driving While Intoxicated CHIRP Grant	Indiana Criminal Justice Institute	20.608	FY2021	-	1,371
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
CHIRP Grant			FY2021	-	6,047
CHIRP Grant			FY2021	-	1,495
Total - State and Community Highway Safety				-	7,542
Total - Highway Safety Cluster				-	7,542
Interagency Hazardous Materials Public Sector Training and Planning Grants Emergency Management Performance Grant	Indiana Department of Homeland Security	20.703	693JK31940014HMEP	-	7,750
Total - Department of Transportation				-	495,853

WAYNE 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 ARPA	Indiana Finance Authority	21.019	FY2021	-	213,922
COVID-19 - Coronavirus Relief Fund	Indiana State Department of Health	21.019	FY2021	-	50,000
Total - COVID-19 - Coronavirus Relief Fund				-	263,922
Total - Department of the Treasury				-	263,922
<u>Department of Health and Human Services</u>					
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution Federal Stimulus	Direct	93.498	H8DCS36143-01-00	-	154,111
Public Health Emergency Preparedness Bioterrorism Grant	Indiana State Department of Health	93.069	BP3	-	31,895
Immunization Cooperative Agreements Immunization Grant	Indiana State Department of Health	93.268	NH23IP922631	-	81,276
Child Support Enforcement Circuit Court Clerk Incentive Funds IVD Prosecutors Incentive Funds Circuit Court Clerk Expenditures IVD Court Expenditures County IVD Prosecutor Expenditures Indirect Cost Expenditures	Indiana Department of Child Services	93.563	FY2021 FY2021 FY2021 FY2021 FY2021 FY2021	- - - - - -	15,309 80,352 30,655 104,360 269,713 168,840
Total - Child Support Enforcement				-	669,229
HIV Prevention Activities Health Department Based HIV/STD Clinical	Indiana State Department of Health	93.940	NU62PS924556	-	110,971
Total - Department of Health and Human Services				-	1,047,481
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Emergency Management Performance Grant Emergency Management Performance Grant	Indiana Department of Homeland Security	97.042	EMC-2019-EP-00003 EMC-2020-EP-00001	- -	3,207 30,000
Total - Emergency Management Performance Grants				-	33,207
Total - Department of Homeland Security				-	33,207
Total federal awards expended				\$ -	\$ 2,125,650

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

WAYNE COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 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.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Highway Planning and Construction Cluster Child Support Enforcement	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 Findings: Material Weakness, Noncompliance

*Condition and Context*

The County Treasurer had not established a system of internal controls over financial transactions and reporting. The County Treasurer submitted the Supplemental Annual Report (CAR-1) for the After Settlement Collection fund to the County Auditor without a documented review or approval process in place to prevent, or detect and correct, errors on the CAR. Due to the lack of internal controls, the CAR-1's beginning balance for the After Settlement Collection fund included investments from all County funds and not just the investments from the After Settlement Collection fund. This caused the beginning balance for After Settlement Collection fund to be overstated by \$20,172,731 in the financial statement.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Criteria*

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

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

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

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

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

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

*Cause*

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

*Effect*

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2021-002**

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

*Condition and Context*

The Clerk of the Circuit Court (Clerk) had not established a system of internal control over financial transactions and reporting. There was no documentation of a review or approval process to prevent, or detect and correct, errors on the Supplemental County Annual Report (CAR-1) submitted to the County Auditor for inclusion in the County's financial statement. Due to the lack of internal controls, receipts and disbursements on the CAR-1 were not properly reduced by Pay.Gov credit card transactions that had not been processed by year end. Additionally, bank account transfers for 2021 were not properly recorded. These two errors caused receipts to be overstated by \$726,496 and disbursements to be overstated by \$727,159.

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

*Criteria*

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

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

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

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

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

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

*Cause*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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

**FINDING 2021-003**

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 2020-004.

*Condition and Context*

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

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

1. The Highway Planning and Construction Cluster expenditures were overstated by \$10,430.
2. The COVID-19 - Coronavirus Relief Fund expenditures were by understated by \$50,000.
3. The Immunization Cooperative Agreements expenditures were understated by \$50,892.
4. The Child Support Enforcement expenditures were overstated by \$59,739.
5. Expenditures for one state grant were included on the SEFA, which resulted expenditures being overstated by \$241,270.
6. Amounts reported as Passed Through to Subrecipients were incorrect.
7. Not all program names and clusters were correctly listed.

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories :

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

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. . . ."

2 CFR 200.510(b) states:

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

WAYNE COUNTY  
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(Continued)

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

*Cause*

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

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

*Views of Responsible Officials*

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

**FINDING 2021-004**

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

*Condition and Context*

The County Auditor had not properly implemented an effective system of internal control over financial transactions and reporting. Of the 21 vendor claims selected for compliance with laws and regulations testing, 4 were not approved by the Board of County Commissioners or the County Auditor.

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

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

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

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

*Cause*

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

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective system of internal control enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

*Views of Responsible Officials*

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

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

**FINDING 2021-005**

Subject: Highway Planning and Construction Cluster- Procurement and Suspension and Debarment

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

Assistance Listings Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): DES1500293, DES1600950,  
DES1802930, DES1802934,  
DES1802936, DES1902799,  
DES1902802, DES1902806

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Procurement and Suspension and Debarment

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 suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement.

The County entered into eight contracts that exceeded \$25,000 during the audit period. None of the vendors were verified to be neither suspended nor debarred, or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into the contracts.

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). . . ."

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification form that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not established a system of internal control that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish a system of internal control to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2021-006**

Subject: Child Support Enforcement - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
Assistance Listings Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): FY 2021  
Pass-Through Entity: Indiana Department of Child Services  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Finding: Significant Deficiency

WAYNE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the County to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and the Allowable Cost/Cost Principles compliance requirements for the Clerk Incentive Funds.

The Clerk of the Court prepared and submitted the incentive claims for the grant program without review or oversight to ensure they were accurate. No auditable evidence was presented that indicated there were internal controls over the compliance requirements to prevent, or detect and correct, errors.

The lack of internal controls was a systemic issue 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). . . ."

*Cause*

Management had not established a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Cost/Cost Principles compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and the Allowable Costs/Cost Principles compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish a system of internal control to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



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

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

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

Phone: 765-973-9317

## SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-001**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Completed.

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

This internal control was put into place with SBOA was here completing the 2020 audit in 2022.

### **FINDING 2020-004**

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: On going

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

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

This will always be a work in progress.

### **FINDING 2020-005**

Fiscal year in which the finding initially occurred: 2016

Status of Audit Finding: Completed

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



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

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: 2020

### **CORRECTED**

Status of Audit Finding: Internal controls are now set in place and proper review documentation has been implemented on all financial reports. The Bookkeeper completes the Trust bank reconciliation and prepares the 46CR. The Clerk reviews both and makes documentation on the reports. The Bookkeeper reviews and makes documentation on the ISETS reconciliations which is completed by the Clerk. Both account bank statements and monthly reports are uploaded to Gateway after review and documentation.



Office of  
WAYNECOUNTY  
SHERIFF  
RANDY RETTER

200 East Main Street  
Richmond, Indiana 47374

Ph: (765) 973-9393  
Fax: (765) 973-9460

retter@co.wayne.in.us

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-003**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Completed

The Inmate Trust Fund and Commissary Fund bank reconciliations are performed by the Finance Manager and there are routine reviews by one of our Command Staff members. From this point forward we will have the reconciliations documented after being reviewed by a staff member.

This internal control was put into place when the SBOA was here completing the 2020 audit in 2022.





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

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

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

Phone: 765-973-9317

***FINDING 2020-006***

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: Completed

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



## *Wayne County Treasurer*

*401 E Main St  
Richmond, IN 47374  
(765) 973-9238*

*Nancy Funk, Treasurer  
Cara Hollingsworth, Chief Deputy*

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### Corrective Action Plan

Finding 2021-001

Nancy Funk, Treasurer  
765-973-9377

I concur with the finding. I submitted the Supplemental CAR on January 2021 in error. It is a new form and instructions were vague. The investment portion should have been zero, as my investments are all total money investments. The form was looking for After Settlement Collection investments.

Next, form submitted in January 2023 will be corrected.

Nancy Funk  
Wayne County Treasurer



**Wayne County Government**  
Debra Berry  
Clerk of Courts  
Wayne County Courthouse  
301 East Main Street  
Richmond, IN 47374  
Phone: (765) 973-9224

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## CORRECTIVE ACTION PLAN

### ***FINDING 2021 – 002***

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: A process has been implemented for the Clerk to review the completed reports each month that are prepared by the bookkeeper. At the end of the year, the Bookkeeper will prepare the CAR report and the Clerk will review and initial.

Anticipated Completion Date: We have already implemented the monthly review as of 1/1/22. The annual CAR reporting will be in January 2023 for the 2022 calendar year.



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

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

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

Phone: 765-973-9317

## CORRECTIVE ACTION PLAN

### ***FINDING 2021-003***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9317

Views of Responsible Official: We agree with the finding.

#### Description of Corrective Action Plan:

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

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

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



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

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

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

Phone: 765-973-9317

## CORRECTIVE ACTION PLAN

### ***FINDING 2021-004***

Contact Person Responsible for Corrective Action: Kimberly Walton  
Contact Phone Number: 765-973-9317

Views of Responsible Official: We do agree with the finding.

Description of Corrective Action Plan:

The bookkeeper will print a commissioner report, docket voucher or check register and have the Commissioner's and Auditor sign it at the next appropriate meeting.

Anticipated Completion Date: 07/19/2022



# WAYNE COUNTY HIGHWAY DEPARTMENT

## Office of County Highway Engineer

8198 West US Highway 40 Centerville, Indiana 47330 ♦ Phone: (765) 855-5211 ♦ Fax: (765) 855-3515

Brandon M. Sanders, PE PS  
Highway Engineer

Amy D. Crist  
Engineer Assistant

## CORRECTIVE ACTION PLAN

### **FINDING 2021-005**

Contact Person Responsible for Corrective Action: **BRANDON SANDERS**

Contact Phone Number: **(765) 855 - 5211**

Views of Responsible Official: **We concur with the finding.**

Description of Corrective Action Plan:

To verify whether a vendor/consultant has an active exclusion (suspended or debarred from receiving federal funds), a search will be performed on the official federal government website ([www.sam.gov](http://www.sam.gov)). This verification will be performed prior to awarding the contract.

The verification search will be performed by a designated individual within the department and reviewed (witnessed) by a second designated individual, one of which will be the department head. Signatures of each individual will be transcribed on the search results along with the date the checks were made. The search results will be saved and kept on file (see attached file for example).

Anticipated Completion Date:

**July 15, 2022 for the initial verification on all current federal contracts.**

If you have any questions, please let me know.

Sincerely,

Brandon Sanders, PE PS  
Wayne County Highway Engineer



**Wayne County Government**  
Debra Berry  
Clerk of Courts  
Wayne County Courthouse  
301 East Main Street  
Richmond, IN 47374  
Phone: (765) 973-9224

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## CORRECTIVE ACTION PLAN

***FINDING 2021 – 006***

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

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The responsibility of paying weekly claims will be assigned to the bookkeeper and reviewed by the clerk before payment is issued by the auditor. This will insure that the incentive funds are being reviewed by an additional person prior to approval with the clerk's signature.

Anticipated Completion Date: October 1, 2022

## 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/>.