

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BARTHOLOMEW COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
08/18/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pia O'Connor	01-01-21 to 12-31-22
County Treasurer	Barbara Hackman	01-01-21 to 12-31-22
Clerk of the Circuit Court	Jay Phelps Julie Robertson (interim) Shari Lentz	01-01-21 to 04-15-21 04-16-21 to 04-23-21 04-24-21 to 12-31-22
County Sheriff	Matthew A. Myers	01-01-21 to 12-31-22
County Recorder	Tami Hines	01-01-21 to 12-31-22
President of the Board of County Commissioners	Larry Kleinhenz Carl Lienhoop	01-01-21 to 12-31-21 01-01-22 to 12-31-22
President of the County Council	R. Scott Bonnell Greg Duke	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 BARTHOLOMEW 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 Bartholomew 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 28, 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 item 2021-001, 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 2021-001.

***Bartholomew 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 28, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 BARTHOLOMEW COUNTY, INDIANA

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

***Opinion on the Major Federal Program***

We have audited Bartholomew 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 its major federal program for the year ended December 31, 2021. The County's major federal program is 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 its major federal program for the year ended December 31, 2021.

**Basis for Opinion on the 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 THE 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. Noncompliance 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 2021-002. Our opinion on the 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 THE 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned costs as item 2021-002, to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 THE 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 28, 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 28, 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.

BARTHOLOMEW 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
<b>Department of Agriculture</b>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY2021	\$ -	\$ 6,205
Child Nutrition					
National School Lunch Program	Indiana Department of Education	10.555	FY2021	-	9,293
Child Nutrition					
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY2021	-	2,172
School Lunch Program					
Total - National School Lunch Program				-	11,465
Total - Child Nutrition Cluster				-	17,670
Total - Department of Agriculture				-	17,670
<b>Department of Housing and Urban Development</b>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	B18DC180001	-	13,860
Community Development Block					
Total - Department of Housing and Urban Development				-	13,860
<b>Department of Justice</b>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	VOCA-2020-00017	-	75,749
VOCA					
Drug Court Discretionary Grant Program	Direct Grant	16.585	2018-DC-BX-0070	-	316,256
Drug Court Grant					
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	2020-WF-AX-0031	-	48,289
STOP					
Residential Substance Abuse Treatment for State Prisoners	Indiana Criminal Justice Institute	16.593	2018-J2-BX-0035	-	54,318
WRAP			2018-J2-BX-0035	-	114,277
REALM					
Total - Residential Substance Abuse Treatment for State Prisoners				-	168,595
Total - Department of Justice				-	608,889
<b>Department of Transportation</b>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 1500192	-	291,164
Bridge Inspection			DES 1700732	-	18,715
Total - Highway Planning and Construction				-	309,879
Total - Highway Planning and Construction Cluster				-	309,879
Highway Safety Cluster					
State and Community Highway Safety	Indiana Department of Transportation	20.600	69A375183000405BINH	-	14,199
CHIRP					
Total - Highway Safety Cluster				-	14,199
Total - Department of Transportation				-	324,078

BARTHOLOMEW 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
<b>Department of the Treasury</b>					
COVID-19 - Coronavirus Relief Fund		21.019			
CRF	Indiana State Department of Health		400_COVIDRELIEF	-	72,542
CRF	Indiana Finance Authority		400_COVIDRELIEF	-	268,482
Total - COVID-19 - Coronavirus Relief Fund				-	341,024
Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan (ARP)	Direct Grant	21.027	2021	-	1,894,293
Total - Department of the Treasury				-	2,235,317
<b>Department of Health and Human Services</b>					
Public Health Emergency Preparedness Public Health Preparedness	Indiana State Department of Health	93.069	NU90TP922052	-	23,180
Immunization Cooperative Agreements Immunization and Vaccines for Children PPHF COVID-19 - Immunization and Vaccines for Children - COVID-19 - Vaccination Supplement 3 Immunization - COVID Vaccine Clinics	Indiana State Department of Health	93.268	NH23IP922631-02-03 NH23IP922631 NH23IP000723	- - -	13,759 15,123 24,676
Total - Immunization Cooperative Agreements				-	53,558
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Covid Testing Site	Indiana State Department of Health	93.323	6NU50CK000395-04-05	-	20,160
Total - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				-	20,160
Child Support Enforcement Clerk IV-D Incentive Prosecutor IV-D Incentive Title IV-D Incentive Clerk Expenditures Prosecutor Expenditures Indirect Costs	Indiana Department of Child Services	93.563	FY2021 FY2021 FY2021 FY2021 FY2021 FY2021	- - - - - -	33,305 32,609 7,315 75,236 325,536 130,024
Total - Child Support Enforcement				-	604,025
State Court Improvement Program CIP	Indiana Supreme Court	93.586	Bartholomew-CIP-2020T	-	2,656
Opioid STR Opioid STR	Indiana Supreme Court	93.788	022 Opioids	-	60,000
Total - Department of Health and Human Services				-	763,579
<b>Department of Homeland Security</b>					
Emergency Management Performance Grants EMC-2020-EP-0001	Indiana Department of Homeland Security	97.042	EMC-2020-EP-0001	-	44,956
Total - Department of Homeland Security				-	44,956
<b>Total federal awards expended</b>				<b>\$ -</b>	<b>\$ 4,008,349</b>

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

BARTHOLOMEW 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.

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

Identification of Major Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.027	Coronavirus State and Local Fiscal Recovery Funds	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: 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 2020-003.

*Condition and Context*

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA).

BARTHOLOMEW COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

1. The Coronavirus State and Local Fiscal Recovery Funds program expenditures were understated by \$1,894,293.
2. The Community Crossing grant was included on the SEFA in error, which overstated expenditures by \$924,440.
3. The Child Support Enforcement program expenditures were understated by \$519,263.
4. The COVID-19 - Coronavirus Relief Fund program expenditures were understated by \$341,024.
5. The Highway Planning and Construction program expenditures were understated by \$309,879.
6. Several additional grants had individually immaterial errors that resulted in a misstatement of expenditures in the amount of \$41,106, in total.
7. Other errors included incorrect Assistance Listings Numbers, program names, pass-through entities, and identifying numbers.

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

*Criteria*

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

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

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

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

BARTHOLOMEW COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 section 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

BARTHOLOMEW COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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.

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

**FINDING 2021-002**

Subject: Coronavirus State and Local Fiscal Recovery Funds -  
Procurement and Suspension and Debarment  
Federal Agency: Department of the Treasury  
Federal Program: Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): 2021  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The County had not designed, nor implemented an effective internal control system to ensure compliance with requirements related to the Procurement and Suspension and Debarment compliance requirement.

The County had a documented procurement policy; however, the policy did not reflect applicable State laws and regulations. In addition, the policy did not include procedures to avoid the acquisition of unnecessary or duplicative items, or procedures to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.

A verbal agreement between County officials was in place for purchases less than \$1,000; however, this process was not documented. For each of the four micro-purchases of less than \$1,000 selected for testing, no documentation was provided for audit detailing the history of the procurement, including the rationale for the method of procurement, selection of vendor, and the basis for price.

BARTHOLOMEW COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

One purchase exceeded the simplified acquisition threshold. The total dollar value of the contract was \$155,000, of which \$25,530 was paid to the vendor for this contract in 2021. The vendor was awarded the contract without full and open competition being utilized. There was no documentation detailing the history of the procurement or the County's justification for limiting competition. Additionally, the County did not verify that the vendor was neither suspended nor debarred, or otherwise excluded or disqualified from participating in federal assistance programs prior to entering into the contract, which exceeded \$25,000.

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

2 CFR 200.303 states in part:

"The Non-Federal entity must:

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

2 CFR 200.318 states in part:

"(a) The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327. . . ."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.324(a) states:

"The Non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals."

2 CFR 200.320 states in part:

"(a)(1)(ii) *Micro-purchase awards*. Micro-purchases may be awarded without soliciting competitive price or rate quotations if the non-Federal entity considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. Purchase cards can be used for micro-purchases if procedures are documented and approved by the non-Federal entity. . . ."

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(b)(1) A procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bids method is the preferred method for procuring construction, if the conditions.

(i) In order for sealed bidding to be feasible, the following conditions should be present:

(A) A complete, adequate, and realistic specification or purchase description is available;

(B) Two or more responsible bidders are willing and able to compete effectively for the business; and

(C) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(ii) If sealed bids are used, the following requirements apply:

(A) Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;

(B) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(C) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(D) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(E) Any or all bids may be rejected if there is a sound documented reason."

(b)(2) Proposals. A procurement method in which either a fixed price or cost-reimbursement type contract is awarded. Proposals are generally used when conditions are not appropriate for the use of sealed bids. They are awarded in accordance with the following requirements:

(i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

BARTHOLOMEW COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (ii) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and making selections;
  - (iii) Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered; and
  - (iv) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services through A/E firms that are a potential source to perform the proposed effort.
- (c) Noncompetitive procurement. There are specific circumstances in which noncompetitive procurement can be used. Noncompetitive procurement can only be awarded if one or more of the following circumstances apply:
- (1) The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (see paragraph (a)(1) of this section);
  - (2) The item is available only from a single source;
  - (3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
  - (4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
  - (5) After solicitation of a number of sources, competition is determined inadequate."

31 CFR 19.300 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 the *EPLS*; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not designed, nor implemented a system of internal control that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

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(Continued)

*Effect*

The failure to design or implement an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the Procurement and Suspension and Debarment compliance requirement could result in the loss of future federal funding 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 with 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.

#### AUDITEE-PREPARED DOCUMENTS

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



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2020-001**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding: Continually Improving the Process

The Auditor's Office and Treasurer's Office continue working together to improve our process of implementing proper Internal Controls as set by the SBOA in their 2015 guidance manual, Uniform Internal Control Standards for Indiana Political Subdivisions, which Bartholomew County adopted in 2016 as required.

We continue to strive to meet the required aspects of the Internal Control Standards and will further implement systems so that any errors are detected, and corrective measures are made as needed.

We are continuously reviewing, implementing and training on procedures to ensure the reconciling of financial ledgers between the Auditor and Treasurer, as well as balancing to the Treasurer's Cash Book funds ledger each month.

Bartholomew County will continue to design and implement a proper system of Internal Control to prevent and/or detect any errors.

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Bartholomew County Treasurer  
Barbara J Hackman  
440 Third St, Suite 103  
Columbus, IN 47201  
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bhackman@bartholomew.in.gov

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2020-002***

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding:

Corrective Action has been completed on the following:

1. a. Proper procedures have been implemented to document all adjustments/corrections to any/all bank reconcilements.
- b. Proper procedures have been implemented and reviewed in balancing the Cash Book Funds Ledger with the County Auditor's Funds Ledger.
2. a. Proper procedures have been implemented to make sure ending balances and beginning balances agree.
- b. Proper procedures have been implemented to document all adjustments/corrections to any/all cash book posts.
- c. Proper procedures have been implemented to review all transactions and adjustments/corrections to cash book posts.
3. a. Proper procedures have been implemented to address internal controls of the Supplemental CAR-1 reporting of the County Treasurer's fund.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: 2012

Status of Audit Finding: Continuously Improving our Review and Grant Process

The Bartholomew County Auditor's Office hired a Grant Administrator in October of 2021. She has worked with other county offices to create a process of check and balances along with reporting procedures to assist in helping ensure that we have accurate reporting and submission into Gateway.

Although we are continuously improving our grant reporting process, we are still reviewing, implementing and training on procedures with the various departments and our staff to obtain and provide the information needed to ensure accurate reporting of the federal grant information.

The Bartholomew County Auditor's Office is continually designing and implementing a proper system of internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

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## CORRECTIVE ACTION PLAN

**FINDING 2021-001**

Contact Person Responsible for Corrective Action: Pia O'Connor, Auditor Bartholomew County  
Contact Phone Number: (812) 379-1510

Views of Responsible Official: I agree with the findings as stated.

Description of Corrective Action Plan:

The Auditor's Office continues to work with other county departments to improve the grant process.

The responsibilities of a County Administrator are vast however, our main priority is the implementing a proper procedure and process to assist with the review of all grants, submitting monthly, quarterly or annual reporting required of such grants. She will work with the various departments starting with applying for the grants, documenting, reporting and balancing as well as any reporting into Gateway on the federal grants. This person will work closely with each department and the Chief Deputy to streamline our grants procedures and process to ensure accurate reporting and submission into Gateway.

Our office will continue to meet the required aspects of the Internal Control Standards and will further implement systems so that any errors are detected and corrective measures are made as needed.

Anticipated Completion Date: Continuously working to complete

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## CORRECTIVE ACTION PLAN

**FINDING 2021-002**

Contact Person Responsible for Corrective Action: Pia O'Connor, Auditor Bartholomew County  
Contact Phone Number: (812) 379-1510

Views of Responsible Official: I agree with the findings as stated.

Description of Corrective Action Plan:

The Auditor's Office continues to work with the Commissioners to improve the process of administering the COVID-19 Coronavirus State and Local Fiscal Recovery Funds. This includes, but is not limited to, internal controls and procurement and suspension and debarment processes.

Anticipated Completion Date: Continuously working to complete

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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/>.