

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WHITE COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
09/20/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gayle E. Rogers	01-01-21 to 12-31-22
County Treasurer	Barbara Nydegger	01-01-21 to 12-31-22
Clerk of the Circuit Court	Laura Cosgray	01-01-21 to 12-31-22
County Sheriff	William Brooks	01-01-21 to 12-31-22
County Recorder	Lori Austin	01-01-21 to 12-31-22
President of the Board of County Commissioners	David Diener	01-01-21 to 12-31-22
President of the County Council	Raymond L. Kramer, Jr.	01-01-21 to 12-31-22



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

TO: THE OFFICIALS OF WHITE 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 White 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 August 31, 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.

White 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

August 31, 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 WHITE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited White 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.

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.

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)

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.

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 August 31, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, 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

August 31, 2022

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WHITE 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 Commerce</u>					
Economic Development Cluster Economic Adjustment Assistance USDA WWTP 11.307 Wolcott	Direct	11.307	06-79-06171	\$ -	\$ 2,257,019
Total - Economic Development Cluster				-	2,257,019
Total - Department of Commerce				-	2,257,019
<u>Department of Housing and Urban Development</u>					
COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii OCRA CDBG COVID 14.228 Bus	Indiana Office of Community and Rural Affairs	14.228	FY2021	-	250,000
Total - Department of Housing and Urban Development				-	250,000
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program CARES COVID CESF	Indiana Criminal Justice Institute	16.034	FY2021	-	53,805
Total - Department of Justice				-	53,805
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Repair Bridge 315 Bridge 89 1902807 20.205 Bridge Inspection 20.205 FHWA DES 1702835	Indiana Department of Transportation	20.205	DES 1600927 DES 1802935 DES 1902807 DES 11592166 DES 1702835	- - - - -	31,567 33,230 63,480 78,984 77,355
Total - Highway Planning and Construction				-	284,616
Total - Highway Planning and Construction Cluster				-	284,616
Airport Improvement Program Airport Land Acquisition Airport 20.106 Rd Relocate	Direct	20.106		- -	47,085 20,701
Total - Airport Improvement Program				-	67,786
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program INDOT DOT COVID-19	Indiana Department of Transportation	20.509	FY2021	-	254,862
Total - Department of Transportation				-	607,264
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund CARES COVID Airport	Indiana Finance Authority	21.019	FY2021	-	71,483
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds ARP Grant Fund	Direct	21.027		-	41,088
Total - Department of the Treasury				-	112,571

WHITE 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>Election Assistance Commission</u>					
COVID-19 - 2021 HAVA Election Security Grants CARES COVID SOS Election	Indiana Secretary of State	90.404	FY2021	-	14,210
Total - Election Assistance Commission				-	14,210
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness 93.069 PHEP Cooperative Agreement	Indiana State Department of Health	93.069	FY2021	-	15,579
COVID-19 - Immunization Cooperative Agreements 8906 CARES COVID ISDH Vaccines	Indiana State Department of Health	93.268	FY2021	-	13,512
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) ECVDP Grant	Indiana State Department of Health	93.323	40093323ECVDP20	-	26,808
Child Support Enforcement Title 4D Incentive Prosecutor Incentive 4D General Child Support Enforcement Child Support Clerk Incentive	Indiana Department of Child Services	93.563	FY2021 FY2021 FY2021 FY2021	- - - -	14,586 9,104 160,218 6,644
Total - Child Support Enforcement				-	190,552
Opioid STR SIM Grant	Indiana Supreme Court	93.788	022OPIOIDSORF20	-	60,000
Total - Department of Health and Human Services				-	306,451
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Marine Patrol Grant	Indiana Department of Natural Resources	97.012	EDS E11-17-86-006	-	2,500
Emergency Management Performance Grants EMPG - Salaries	Indiana Department of Homeland Security	97.042	EMC-2021-EP-00004	-	18,000
BRIC: Building Resilient Infrastructure and Communities EMA Pre-Disaster Mitigation Program	Indiana Department of Homeland Security	97.047	DHS-18-MT-047-000-99	-	18,000
Homeland Security Grant Program EMA SHSP 2020	Indiana Department of Homeland Security	97.067	EMW-2020-SS-00009-S01	-	29,170
Total - Department of Homeland Security				-	67,670
Total federal awards expended				\$ -	\$ 3,668,990

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

WHITE 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.

WHITE 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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Economic Development Cluster	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

Condition and Context

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

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 in Gateway, and another employee reviewed and approved the information entered, the internal controls were not effective and did not detect and allow correction of errors prior to submission.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

1. The Economic Development Cluster expenditures were understated by \$1,108,084.
2. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$68,443 in total.
3. Other errors included incorrect program names, Assistance Listings Numbers, pass-through entities, and identifying numbers.

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

Criteria

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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; . . ."

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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:

- (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.

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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: Economic Development Cluster - Reporting, Special Tests and Provisions - Wage Rate Requirements
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
Assistance Listings Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-79-06171
Compliance Requirements: Reporting, Special Tests and Provisions - Wage Rate Requirements
Audit Finding: Material Weakness

Condition and Context

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting and the Special Tests and Provisions - Wage Rate Requirements compliance requirements.

Reporting

The required Quarterly Performance Reports were prepared and reviewed by the third-party grant administrator without an oversight or review process by the County.

Special Tests and Provisions - Wage Rate Requirements

The County included a wage rate clause for prime contractors in the contract; however, the County itself did not review subcontracts to ensure the prevailing wage clause was included. The County relied on the third-party administrator for this review. In addition, the third-party grant administrator ensured the required certified payrolls were submitted and proper without an oversight or review process by the County.

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

WHITE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 control that would have ensured compliance with the grant agreement and the Reporting and the Special Tests and Provisions - Wage Rate Requirements compliance requirements.

Effect

The failure to establish an effective internal control system placed the County at risk of non-compliance with the grant agreement and the Reporting and the Special Tests and Provisions - Wage Rate Requirements compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish a system of internal controls to ensure compliance with the grant agreement and the Reporting and the Special Tests and Provisions - Wage Rate Requirements compliance requirements.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.



Gayle E. Rogers
White County Auditor
110 N Main St., PO Box 260, Monticello, IN 47960
Ph: 574-583-1515 Fax: 574-583-2884 grogers@whitecountyindiana.us

CORRECTIVE ACTION PLAN

FINDING 2021-001

Contact Person responsible for Corrective Action: Gayle E. Rogers, County Auditor

Contact Phone Number: 574-583-1515

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The Economic Development Cluster expenditures were understated by \$1,108,084 due to a lack of internal control existing between the Treasurer and the Auditor. The Auditor and the First Deputy Auditor now have view only privileges in the main county bank account to ensure this error will not repeat.

Auditor and Grant Recipient/Department Head will ensure grant information reported on the SEFA is correct as identified by Federal award information reported in the System for Award Management (SAM) and that the Auditor's financial records match those of the Department that is administering the grant.

We continually make improvements to our procedures as we are made aware of required reporting. We will continue to diligently work to ensure accurate information is reflected in our reporting. The SEFA will be reviewed by Auditor deputies, Department Heads and Grant Administrators prior to submission in the Annual Financial Report. A new policy will be written and implemented as to proper, required procedures for all federal grant applications and awards.

Anticipated Completion Date:

December 31, 2022.

FINDING 2021-002

Contact Person responsible for Corrective Action: Gayle E. Rogers, County Auditor

Contact Phone Number: 574-583-1515

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Auditor and Grant Administrator will work more closely together to ensure all procedures and tests as stated in the grant are being followed without exception. Additionally, the County is planning to include a new position of Grant Administrator in the Auditor's office to further ensure control of all federal requirements.

We continually make improvements to our procedures as we are made aware of requirements. A new policy will be written and implemented as to proper, required procedures for all federal grant funding.

Anticipated Completion Date:

December 31, 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/>.