

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

SCOTT COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
09/26/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tammy Stout Johnson	01-01-21 to 12-31-22
County Treasurer	Missy Applegate	01-01-21 to 12-31-22
Clerk of the Circuit Court	Wendy McClain Michelle Shelton	01-01-21 to 02-24-22 02-25-22 to 12-31-22
County Sheriff	Jerry D. Goodin	01-01-21 to 12-31-22
County Recorder	Sheryl Jent	01-01-21 to 12-31-22
President of the Board of County Commissioners	Mike Jones	01-01-21 to 12-31-22
President of the County Council	Rachael Hardin	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 SCOTT 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 Scott 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 September 15, 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, and 2021-003, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
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, and 2021-003.

***Scott 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

September 15, 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 SCOTT COUNTY, INDIANA

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

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

We have audited Scott 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. 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**

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

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

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

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

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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2021, and the related notes to the financial statement. We issued our report thereon dated September 15, 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

September 15, 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.

SCOTT 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 CDBG-Health/IU	Indiana Office of Community and Rural Affairs	14.228	A159-17-PS-12-500	\$ -	\$ 7,551
COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii COVID 19 Phase 3 Grant	Indiana Office of Community and Rural Affairs	14.228	A192-21-CV-CV3-366	-	250,000
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	257,551
Total - Department of Housing and Urban Development				-	257,551
<u>Department of Justice</u>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program Coronavirus Emerg Supplemental	Indiana Criminal Justice Institute	16.034	2020-VD-BX-0244	-	21,069
Violence Against Women Formula Grants Violence Against Women Violence Against Women	Indiana Criminal Justice Institute	16.588	2019-WF-AX-0005 2020-WF-AX-0031	- -	8,341 82,195
Total - Violence Against Women Formula Grants				-	90,536
Total - Department of Justice				-	111,605
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Sign Inventory Bridge Inventory Sign Inventory	Indiana Department of Transportation	20.205	DES# 1600805 DES# 1500214 DES# 1802879	- - -	12,917 5,935 25,425
Total - Highway Planning and Construction				-	44,277
Total - Highway Planning and Construction Cluster				-	44,277
Total - Department of Transportation				-	44,277
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund CARES Provider Relief Fund	Indiana Finance Authority	21.019	2021	-	77,470
COVID-19 - Coronavirus Relief Fund COVID Testing Site-Health Department	Indiana State Department of Health	21.019	NH231P922631	-	70,612
COVID-19 - Coronavirus Relief Fund COVID-IAC	Indiana Arts Commission	21.019	Contract 47939	-	2,603
Total - COVID-19 - Coronavirus Relief Fund				-	150,685
Total - Department of the Treasury				-	150,685
<u>Election Assistance Commission</u>					
COVID-19 - 2020 HAVA CARES Act Grant CARES-ELECTION	Indiana Secretary of State	90.404	IN20101CARES	-	5,568
Total - Election Assistance Commission				-	5,568

SCOTT 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 Health and Human Services</b>					
Public Health Emergency Preparedness PHEP 20/21	Indiana State Department of Health	93.069	NU90TP922052	-	112,262
Immunization Cooperative Agreements Immunization 2018	Indiana State Department of Health	93.268	NH23IP922631	-	44,178
COVID-19 - Immunization Cooperative Agreements Vaccine Clinic Grt 2021	Indiana State Department of Health	93.268	NH23IP922631	-	20,666
Total - Immunization Cooperative Agreements				-	64,844
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) COVID Testing 2021/2022	Indiana State Department of Health	93.323	NU50CK000503	-	50,371
Child Support Enforcement Indirect Costs	Indiana Department of Child Services	93.563		-	44,112
2020 Prospective Incentive-Clerk			2021	-	6,000
FFP Reimbursement-Clerk			2021	-	10,496
FFP Reimbursement-Court			2021	-	34,280
2020 Prospective Incentive-Prosecutor			2021	-	11,320
FFP Reimbursement-Prosecutor			2021	-	80,480
2020 Prospective Incentive-Title IV-D			2021	-	10,181
Total - Child Support Enforcement				-	196,869
HIV Care Formula Grants HIV Care Coordinators HIV CC 20/21 (2)	Indiana State Department of Health	93.917	61910 61910	- -	75,058 88,846
Total - HIV Care Formula Grants				-	163,904
HIV Prevention Activities Health Department Based SSP-Health Department	Indiana State Department of Health	93.940	NU62PS924556	-	71,198
Total - Department of Health and Human Services				-	659,448
<b>Department of Homeland Security</b>					
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA-COVID 19 Ambulance Response FEMA Jail Cleaning	Indiana Department of Homeland Security	97.036	4515DRINP0000001 4515DRINP0000001	- -	37,801 5,832
Total - COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	43,633
Emergency Management Performance Grants EMA	Indiana Department of Homeland Security	97.042	EMC-2019-EP-00003	-	26,330
Total - Department of Homeland Security				-	69,963
Total federal awards expended				\$ -	\$ 1,299,097

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

SCOTT 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.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified
93.563	Child Support Enforcement	Unmodified

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 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 2020-001.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

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

The Chief Deputy County Auditor completed and input the information for the federal award information into Gateway. The information was reviewed by the County Auditor prior to submission through Gateway; however, 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 contained the following errors:

1. The HIV Prevention Activities Health Department Based expenditures were understated by \$65,250.
2. The COVID-19 - Coronavirus Emergency Supplemental Funding Program was omitted, which understated expenditures by \$21,069.
3. The COVID-19 - Coronavirus Relief Fund passed-through the Indiana Arts Commission was omitted, which understated expenditures by \$2,603.
4. The COVID-19 - 2020 HAVA CARES Act Grant was omitted, which understated expenditures by \$5,568.
5. Nine additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$151,592, in total.
6. Other errors identified included incorrect or omitted program names, pass-through entities, Assistance Listings Numbers, and identifying numbers.

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

*Criteria*

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

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

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

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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:

- (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.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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 an effective system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA 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 2021-002**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-002.

*Condition and Context*

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

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. The County Treasurer's Daily Balance of Cash and Depositories, Form 47 (Cash Book) was not accurately reconciled to the bank statements on a monthly basis. Internal controls were not effective to ensure that monthly bank reconciliations were accurate, and variances were investigated timely. A review of the December 31, 2021 reconciliation noted the following errors that had not been detected or timely investigated during the reconciliation process:
  - Five ACH payments totaling \$137,877, which did not clear the bank until January 2022, were recorded in the ledger but were not listed as outstanding reconciling items on the reconciliation.
  - As of December 31, 2021, the total cash and investments per the Cash Book indicated a cash (short) necessary to balance of \$48,456. There was no information provided to indicate that the variance was investigated.
2. Three state distributions were not recorded timely. The three distributions were for Auto Rental Excise Tax, Vehicle Sharing Excise Tax, and Watercraft Distributions and were not recorded until 16, 36, and 23 days after the distribution was received, respectively.

*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 5-13-5-1(a) states:

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

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

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

*Cause*

Management 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 misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County Treasurer 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: Financial Transactions and Reporting - County Sheriff  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

A similar finding regarding internal controls appeared in the immediately prior audit report. The prior audit finding number was 2020-003.

*Condition and Context*

There were several deficiencies in the internal control system of the County Sheriff's Department related to financial transactions and reporting.

*Sheriff's Commissary Fund*

Internal controls over bank reconciliations were not effective in preventing, or detecting and correcting, errors. A re-creation of the December 31, 2021 bank reconciliation noted a cash short required to balance of \$14,842.

SCOTT COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Internal controls over disbursements were not effective in preventing, or detecting and correcting, errors. One item tested from a sample of 34 disbursements did not have any supporting documentation. The monetary error for lack of supporting documentation was projected to the population of the Sheriff's Commissary fund, which resulted in an overall projected misstatement of \$1,911.

A ledger was maintained to account for the transactions and balances of the Sheriff's Commissary fund, but it was not a prescribed or approved form.

*Sheriff's Inmate Trust Fund*

Internal controls over bank reconcilements were not effective in preventing, or detecting and correcting, errors. A re-creation of the December 31, 2021 bank reconciliation noted a cash short required to balance of \$4,763.

*Sheriff Evidence Fund*

Internal controls were not in place to ensure proper recording of the transactions and balances of the Sheriff Evidence fund. The County Sheriff Department failed to maintain a separate ledger for the Sheriff Evidence fund. Instead of maintaining a ledger, the transaction register attached to the checkbook was being used to record deposits, checks, and current balance.

Internal controls over receipts were not effective in preventing, or detecting and correcting, errors. Five deposits from February 2021 were not recorded in the transaction register as of August 1, 2022.

Internal controls over bank reconcilements were not effective in preventing, or detecting and correcting, errors. A re-creation of the December 31, 2021 bank reconciliation identified five deposits from February which had not been recorded in the Sheriff Evidence fund transaction register. These five items were not identified by the unit during the reconciliation process.

Internal controls over the Supplemental County Annual Report (CAR-1) for the Sheriff Evidence fund were not effective. The County Sheriff Department failed to prepare a CAR-1 report of the transactions and balances of the Sheriff Evidence fund.

*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. . . .

SCOTT COUNTY  
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(Continued)

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

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

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. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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.

SCOTT COUNTY  
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(Continued)

*Effect*

The failure to establish a system of internal control enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County Sheriff's Department 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, 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***

No matters are reportable.

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#### AUDITEE-PREPARED DOCUMENTS

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



*Tammy Stout Johnson*

*Auditor of Scott County*

Scott County Courthouse  
1 East McClain Avenue, Suite 130  
Scottsburg, IN 47170

Phone (812) 752-8408

Fax (812) 752-7914

Email:

[tammy.johnson@scottcounty.in.gov](mailto:tammy.johnson@scottcounty.in.gov)

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2020-001***

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding:

As indicated in the current audit for 2021, errors and omissions persist with the Schedule of Expenditure of Federal Awards. The Corrective Action plan initiated in 2019 and carried over to subsequent years was insufficiently implemented for the preparation and reporting of SEFA.

The earliest date to be anticipated for correction would be March 1, 2023.

*Missy Applegate*  
*Scott County Treasurer*

1 East McClain Avenue, Suite 140  
Scottsburg, IN 47170  
812-752-8414

## Summary Schedule of Prior Audit Findings

### **Finding 2020-002**

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding:

1. There was no evidence presented to ensure that the posting and reconciling of the Form 47(Cash Book) was done daily.

Status of Audit Finding: Posting in the Cash Book daily is a work in progress and will be completed daily.

2. The Cash Book was not accurately reconciled to the bank statements on a monthly basis. There was no audit evidence presented to indicate internal controls were established to ensure that the monthly bank reconcilements were complete and accurate.

Status of Audit Findings: This is also a work in progress as we will be trying to figure out the difference between the Cash Book and bank statements at the end of the month so that they balance.

3. Internal controls over the Supplemental CAR-1 were not effective. The amounts reported for the activity of the After Settlement Collection fund were incorrect as a result of using incorrect calculations.

Status of Audit Finding: Corrective action was taken.

# Scott County Sheriff's Office

Jerry Goodin  
Sheriff

Office: 812-752-8400 Fax: 812-752-5851

111 South 1<sup>st</sup> St.  
Scottsburg, IN 47170

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: 2018

**Status of Audit Finding:** During the process from the 2019 Audit findings thru the 2020 Audit findings we had a change in the staffing of the financial officer to Amy Beverly at which time new structure of the standards are being implemented and this is a work in progress at this time.

### **Description of Corrective Action Plan:** **Inmate Trust:**

1. Bonds are paid in the machine in the lobby or by the machine in the back and counted and totaled.
2. Patti pulls the monies, counts it, and creates the deposit.
3. The money is taken to the bank by a Deputy and deposited by Bobby Thompson and initialed.
4. A receipt is issued and signed by the Bobby Thompson. Receipts are kept together by dates.
5. When the bank statement is reconciled, it is also signed and verified by Doug Herald.
6. It will be saved to an existing file on the computer and the hard copies saved by month and year.  
Note: If Doug Herald is not available, it is signed by Amy Beverly.
7. Patti was removed from physically pulling onsite commissary orders and now is being done by PT jailer and being passed out.
8. Amy Beverly will sign off on all transactions made to pay vendors moving forward.

### **Commissary:**

1. Deposits: Monies for tax payments, gun permits, etc. are counted by Patti Combs.
2. A receipt is created and initialed by Patti. The monies and receipts are placed in a locked box.
3. Amy gets them out of the locked box, counts the monies, and creates a deposit slip. Amy retains the receipts but places the deposit slip and monies back in the locked box for an officer to take to the bank. A copy of the deposit is made and attached to the paperwork, and initialed by Bobby Thompson(Deputy)
4. The end of each month there is a reconciliation of the bank account and when finished taken to Patti for review and signature, if Patti is not available can be signed by Kimberly Box.
5. All supporting paperwork is put together and scanned into a file to be kept for future use. The hard copies are put together and kept per month and per year.
6. Any invoices that are to be paid from the Commissary are to be turned into Amy for payment with a signature of the Sheriff authorizing the payment.
7. Changing software and is work in progress, testing other programs to see what will be the best fit, has caused some not to be done in a timely manner.
8. Sheriff authorizes all purchases from the commissary account,
  - a. Weekly report from Amazon will be printed and attached as well for purchases.

### **Evidence:**

1. Mike Nichols evidence technician counts the seized money to make sure it is accurate according to the property record signed by the submitting Deputy. The evidence technician makes a bank

deposit and Sheriff Goodin initials the bank deposit receipt. The evidence technician then gives the deposit slip from the bank to Amy Beverly who maintains the account ledger. Most disbursements from this account are accompanied by a court order from one of the judges. Other disbursements are requested by Mike Nichols (technician) to be disbursed by check from Amy Beverly.

2. This account has limited transactions.



*Tammy Stout Johnson*

*Auditor of Scott County*

Scott County Courthouse  
1 East McClain Avenue, Suite 130  
Scottsburg, IN 47170

Phone (812) 752-8408

Fax (812) 752-7914

Email:

tammy.johnson@scottcounty.in.gov

## CORRECTIVE ACTION PLAN

### ***FINDING 2021-001***

Contact Person Responsible for Corrective Action: TAMMY STOUT JOHNSON

Contact Phone Number: 812-752-8408

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Due to errors on the 2021 Schedule of Expenditures of Federal Awards, the Corrective Action Plan initiated in 2020 was only partially implemented over the Preparation of SEFA.

Therefore, more attention will be given to grant identifiers (CFDA numbers, program names, and numbers) to ensure accuracy for the SEFA. With the acknowledgement of the department's role in providing accurate data on payment requests, etc. coupled with their responsibility to communicate with the Auditor's office on grant activities, more measures will be taken in the Auditor's Office for departmental reconciliation of the grant monies to improve reporting accuracy.

Anticipated Completion Date: March 1, 2023

*Missy Applegate*  
*Scott County Treasurer*

1 East McClain Avenue, Suite 140  
Scottsburg, IN 47170  
812-752-8414

CORRECTIVE ACTION PLAN

**FINDING 2021-002**

Contact Person Responsible for Corrective Action: Missy Applegate  
Contact Phone Number: 812-752-8414

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. We are currently in the process of reconciling the bank statement with the cash book. Currently we are waiting on paperwork from the Auditor's office to correct the cash book so we can balance the cash book. Missing entries in LOW (software system) is the main issue with not balancing the cash book. We are hopeful that after getting the paperwork the cash short balance will be zero.  
  
Currently in the process of fixing the five ACH payments addressed in the finding for December but did not clear the bank until January of 2022 by adding a line to my monthly bank reconciliation page listing these as outstanding ACH's. I will also be comparing the cash book balances to the bank statement and outstanding checks, credit cards and ACH's on the monthly reconciliation document monthly to make sure they balance every month.
2. The three state distributions that were not listed to the cash book timely was due to overlook as tax time and settlement just ended. The state distributions are checked daily.

Anticipated Completion Date: The corrective action plan has been taken immediately.

# SCOTT COUNTY SHERIFF

## JERRY GOODIN

111 South First Street

Scottsburg, Indiana 47170

Phone 812-752-8400\* Toll Free 1-877-8400\* Fax 1-812-752-5751

Tip Line 812-752-7898

### CORRECTIVE ACTION PLAN

Contact Person Responsible for Corrective Action: Sheriff Jerry D. Goodin  
Contact Phone Number: 812-752-8400

Views of Responsible Official:

We concur with the findings. No monies are missing or are unaccounted for. All controls were in place.

Description of Corrective Action Plan:

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

#### **Commissary:**

1. Deposits: Monies for tax payments, gun permits, etc. are counted by Patti Combs.
2. A receipt is created and initialed by Patti. The monies and receipts are placed in a locked box.
3. Amy gets them out of the locked box, counts the monies, and creates a deposit slip. Amy retains the receipts but places the deposit slip and monies back in the locked box for an officer to take to the bank. A copy of the deposit is made and attached to the paperwork, and initialed by a Deputy.
4. The end of each month there is a reconciliation of the bank account and when finished taken to Patti for review and signature if Patti is not available it can be signed by Kimberly Box.
5. All supporting paperwork is put together and scanned into a file to be kept for future use. The hard copies are put together and kept per month and per year.
6. Any invoices that are to be paid from the Commissary are to be turned into Amy for payment with a signature of the Sheriff authorizing the payment.
7. A weekly report from Amazon will be printed and attached as well for purchases.
8. The end of each month there is a reconciliation of the bank account and when finished taken to Patti for review and signature if Patti is not available it can be signed by Kimberly Box.

9. All supporting paperwork is put together and scanned into a file to be kept for future use. The hard copies are put together and kept per month and per year.
10. Any invoices that are to be paid from the Commissary are to be turned into Amy for payment with a signature of the Sheriff authorizing the payment.
11. A weekly report from Amazon will be printed and attached as well for purchases.
12. The end of each month there is a reconciliation of the bank account and when finished taken to Patti for review and signature if Patti is not available it can be signed by Kimberly Box.
13. All supporting paperwork is put together and scanned into a file to be kept for future use. The hard copies are put together and kept per month and per year.
14. Any invoices that are to be paid from the Commissary are to be turned into Amy for payment with a signature of the Sheriff authorizing the payment.
15. A weekly report from Amazon will be printed and attached as well for purchases.

**Description of Corrective Action Plan:**

**Inmate Trust:**

\*All controls are continuing to be in place and followed. The discrepancies are a monthly issue that results from carry over funds that are used in daily operations no monies are missing all funds are accounted for. From this date on this monthly discrepancy will be posted at the top of the monthly reconciliation forms to avoid confusion.

1. Bonds are paid in the machine in the lobby or by the machine in the back and counted and totaled.
2. Patti pulls the monies, counts it, and creates the deposit.
3. The money is taken to the bank by a Deputy and deposited by a deputy and initialed.
4. A receipt is issued and signed by a Deputy. Receipts are kept together by dates.
5. When the bank statement is reconciled, it is also signed and verified by Doug Herald.
6. It will be saved to an existing file on the computer and the hard copies saved by month and year.  
Note: If Doug Herald is not available, it is signed by Amy Beverly.
7. Patti was removed from physically pulling onsite commissary orders and now is being done by PT jailer and being passed out.
8. Amy Beverly will sign off on all transactions made to pay vendors moving forward.

**Evidence:**

\*All monies are accounted for with controls continuing to be followed. We are using a check book register as a reconciliation form but are currently working with SBOA to locate a proper and approved form.

1. Mike Nichols evidence technician counts the seized money to make sure it is accurate according to the property record signed by the submitting Deputy. The evidence technician makes a bank deposit and Sheriff Goodin initials the bank deposit receipt. The evidence technician then gives the deposit slip from the bank to Amy Beverly who maintains the account ledger. Most disbursements from this account are accompanied by a court order from one of the judges. Other disbursements are requested by Mike Nichols (technician) to be disbursed by check from Amy Beverly.
2. This account has limited transactions.

**Anticipated Completion Date**

All are in place currently except the checkbook register which we are continuing to work with SBOA to find the proper forms.

## 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/>.