

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

KOSCIUSKO COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
06/21/2023



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Michelle L. Puckett Rhonda J. Helser	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Rhonda J. Helser Michelle L. Puckett	01-01-22 to 12-31-22 01-01-23 to 12-31-23
Clerk of the Circuit Court	Ann M. Torpy	01-01-22 to 12-31-23
County Sheriff	Kyle P. Dukes Jim Smith	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Joetta Mitchell Deborah Wright	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Cary P. Groninger Bradford Jackson	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Sue Ann Mitchell Mike Long	01-01-22 to 12-31-22 01-01-23 to 12-31-23



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 KOSCIUSKO 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 Kosciusko County (County), for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated May 15, 2023, 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, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be material weaknesses.

***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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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)

***Kosciusko 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

May 15, 2023



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 KOSCIUSKO COUNTY, INDIANA

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

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

We have audited Kosciusko 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, 2022. 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, 2022.

**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, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-002, 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, 2022, and the related notes to the financial statement. We issued our report thereon dated May 15, 2023, 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

May 15, 2023

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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.

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KOSCIUSKO COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

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 Justice</u>					
Crime Victim Assistance VOCA 2020	Indiana Criminal Justice Institute	16.575	2019-V2-GX-0014	\$ -	\$ 38,467
Edward Byrne Memorial Justice Assistance Grant Program Byrne JAG Radio-Sheriff 2022	Indiana Criminal Justice Institute	16.738	2020-DJ-BX-0007	-	215,300
Total - Department of Justice				-	253,767
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
Bridge #227	Indiana Department of Transportation	20.205	DES #1702866	-	5,808
Bridge #161 2024			DES #1802917	-	45,956
Bridge #30			DES #1902838	-	38,568
Bridge Inspection			DES #2100083	-	86,200
Total - Highway Planning and Construction				-	176,532
Total - Highway Planning and Construction Cluster				-	176,532
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs KABS Capital 2022	Indiana Department of Transportation	20.526	A249-22-G210125	847	847
Total - Federal Transit Cluster				847	847
Highway Safety Cluster					
State and Community Highway Safety					
CHIRP-Click It to Live It 2022	Town of Winona Lake	20.600	69A375183000405BINH	-	8,011
CHIRP-DUITF 2022			69A375183000405BINH	-	3,311
CHIRP-Click It to Live It 2021			69A3752030000402INO	-	61
CHIRP-DUITF OWI 2021			69A3752030000402INO	-	61
Total - State and Community Highway Safety				-	11,444
National Priority Safety Programs SAVE-CHIRP 2022	Town of Winona Lake	20.616	69A3751930000405BINH	-	4,931
Total - Highway Safety Cluster				-	16,375

KOSCIUSKO COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

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
Formula Grants for Rural Areas and Tribal Transit Program KABS FED-COVID CARES 2020	Indiana Department of Transportation	20.509	A249-20-G200015	3,674	3,674
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program KABS FED-COVID CARES 2020	Indiana Department of Transportation	20.509	A249-20-G200015	473,823	473,823
Total - Formula Grants for Rural Areas and Tribal Transit Program				477,497	477,497
Interagency Hazardous Materials Public Sector Training and Planning Grants HMEP 2022	Indiana Department of Homeland Security	20.703	693JK31940014HMEP	-	15,000
Total - Department of Transportation				478,344	686,251
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund CARES Act-Local COVID Testing	Indiana State Department of Health	21.019	45122	-	7,562
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan (ARP)	Direct Grant	21.027	20-1982-0-1-806	-	3,914,567
Total - Department of the Treasury				-	3,922,129
<u>Department of Health and Human Services</u>					
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Covid Testing Sites-Health	Indiana State Department of Health	93.323	NU50CK000503	-	50,000
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response LHD-Covid Testing Sites	Indiana State Department of Health	93.354	NU90TP922179	-	50,000
Child Support Enforcement IV-D Prosecutor Incentive	Indiana Department of Child Services	93.563	FY2022	-	79,378
IV-D Clerk Incentive			FY2022	-	28,693
IV-D 1000-02055 Prosecutor Expenditures			FY2022	-	416,419
IV-D 1000-02050-Co Gen 100% Fed Clerk IV-D Expenditures			FY2022	-	27,694
IV-D 1000-00256-Co Gen 100% Fed Indirect Costs			FY2022	-	72,281
1119 IV-D Document Storage			FY2022	-	192
Total - Child Support Enforcement				-	624,657

KOSCIUSKO COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

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
Opioid STR	Indiana Supreme Court Administration	93.788			
Justice Partners Addictions Response 2020			20-5JC89-C43-046	-	19,034
Justice Partners Addictions Response 2021			21-5JC89-C43-001	-	8,837
Total - Opioid STR				-	27,871
Total - Department of Health and Human Services				-	752,528
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance	Indiana Department of Natural Resources	97.012			
DNR 2021 Federal			DHS-USCG-RBS-2021-001	-	34
DNR Federal 2022			DHS-USCG-RBS-2022-001	-	3,750
Total - Boating Safety Financial Assistance				-	3,784
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
2021 Emergency Management Salary Wage Reimbursement			EMC-2021-EP-00004	-	47,737
COVID-19 - Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG Competitive 2021			EMC-2021-EP-00013	-	40,000
Total - Emergency Management Performance Grants				-	87,737
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
SHSP Court Security Reno 2020			EMW-2020-SS-00009-S01	-	24,112
Total - Department of Homeland Security				-	115,633
Total federal awards expended				\$ 478,344	\$ 5,730,308

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

KOSCIUSKO 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, 2022. 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.

KOSCIUSKO 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?	no

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	COVID-19 - 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 2022-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition and Context*

There were deficiencies in the internal control system of the Sheriff's Department related to the financial reporting of the Sheriff Inmate Trust and Sheriff Commissary funds.

KOSCIUSKO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Receipts*

The Sheriff had not properly designed or implemented an effective system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing or detecting and correcting errors related to the Sheriff Inmate Trust and Sheriff Commissary funds receipts. A single employee posted the receipts to the general ledger, without any evidence to support an oversight or monitoring process to ensure timely and proper recording of funds received.

*Disbursements*

The Sheriff had not properly designed or implemented an effective system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing or detecting and correcting errors related to the Sheriff Inmate Trust and Sheriff Commissary funds disbursements. A single employee posted the disbursements to the general ledger, without any evidence to support an oversight or monitoring process to ensure timely and proper recording of funds disbursed.

*Criteria*

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

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

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

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

*Cause*

A proper system of internal controls over receipts and disbursements was not designed by management of the County, which would include segregation of key functions to ensure receipts and disbursements were appropriately recorded. Embedded within a properly designed and implemented internal control system should be controls consisting of policies and procedures. Policies should reflect the County's management statements of what should be done to effect internal control, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal control, including policies and procedures that provide segregation of duties and additional oversight as needed, the control system cannot be capable of effectively preventing, or detecting, and correcting material misstatements or irregularities.

KOSCIUSKO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 2022-002**

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Internal Controls  
Federal Agency: Department of the Treasury  
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds  
Assistance Listings Number: 21.027  
Federal Award Number and Year (or Other Identifying Number): 20-1982-0-1-806  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Finding: Material Weakness

*Condition and Context*

The County had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, material noncompliance related to covered transactions made from State and Local Fiscal Recovery Funds (SLFRF).

Prior to entering into subawards and covered transactions with SLFRF award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to contracts for goods and services awarded under a non-procurement transaction (i.e. grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person, or adding a clause or condition to the covered transaction with that person. Due to Treasury's determination that the revenue loss eligible use category does not give rise to subawards, the County was only required to comply with suspension and debarment requirements related to covered transactions.

Upon inquiry of the County in order to review the procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded, the County divulged that a single employee was responsible for completing the verification of any vendor the County paid over \$25,000 from SLFRF funds. The employee checked the SAMs exclusions for any vendor in which the purchase was to equal or exceed \$25,000; however, there was no oversight or review to ensure the process was completed.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

KOSCIUSKO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(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*

A proper system of internal controls over the SLFRF expenditures was not designed by management of the County, which would include segregation of key functions to ensure SLFRF funds were being used appropriately. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the County's management of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the County design and implement a proper system of internal controls that would provide segregation of duties for the review covered transactions. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place.

*Views of Responsible Officials*

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

AUDITEE-PREPARED DOCUMENT

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



**Kosciusko County Sheriff's Office**  
221 West Main Street  
Warsaw, IN 46580  
Phone (574) 267-5667 Fax (574) 269-6195  
**Sheriff Jim Smith**

## **CORRECTIVE ACTION PLAN**

### ***FINDING 2022-001***

#### Contact Person Responsible for Corrective Action:

Jim Smith, Sheriff of Kosciusko County

#### Contact Phone Number:

574.267.5667

#### Views of Responsible Official:

We concur with the finding.

#### Description of Corrective Action Plan:

Kosciusko County Sheriff's Office will make every reasonable effort to comply with Finding 2022-001. The system of internal controls will be expanded, to include the following:

1. All Inmate Trust kiosk cash receipts will be counted by two employees. The second employee will review and sign the detailed deposit report and bank deposit ticket prepared by the first employee. The employee taking the deposit to the bank will sign the bank deposit receipt.
2. All cash and checks receipted into the Commissary account will be counted by two employees. One employee will prepare a Commissary receipt and the second employee will review and sign the receipt. The second employee will review and sign the bank deposit ticket prepared by the first employee. The employee taking the deposit to the bank will sign the bank deposit receipt.
3. All Inmate Trust disbursement checks prepared by the Financial Administrator for monthly sweeps into the Commissary Account, the sweeps reports, and the bank deposit tickets for those checks will be signed by the Financial Administrator and approved and signed by the Sheriff or Matron.
4. All Commissary disbursement checks will be prepared by the Financial Administrator or Matron and signed by the Sheriff. The invoices to be paid will be reviewed by two employees prior to payment.
5. The Inmate Trust financial reports prepared by the Financial Administrator at the end of each month will be signed by the Financial Administrator and reviewed and signed by the Sheriff or Matron.
6. The Commissary ledger prepared by the Financial Administrator at the end of each month will be signed by the Financial Administrator and reviewed and signed by the Sheriff.

#### Anticipated Completion Date:

May 15, 2023

Kosciusko County Auditor  
Rhonda J Helser

100 West Center Street, Rm 220  
Warsaw, IN 46580  
[rhelser@kcgov.com](mailto:rhelser@kcgov.com)

Phone 574-372-2328

FAX 574-372-2469

CORRECTIVE ACTION PLAN

***FINDING 2022-002***

Contact Person Responsible for Corrective Action: Marsha McSherry and Rhonda Helser

Contact Phone Number: 574-267-4444

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will check the SAM.Gov website for vendors and or also have them provide a statement that they are not suspended or debarred from receiving Federal Funds.  
The documents received will be reviewed and signed by County Auditor and one other deputy in the Auditor's office.

Anticipated Completion Date: May 16, 2023

## 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/>.