

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BROWN COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
03/17/2022



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>                      | <u>Term</u>                                  |
|---|--------------------------------------|--|
| County Auditor                                    | Julia Reeves                         | 01-01-20 to 12-31-22                         |
| County Treasurer                                  | Mary E. Smith<br>Andrea Bond         | 01-01-20 to 12-31-20<br>01-01-21 to 12-31-22 |
| Clerk of the Circuit Court                        | Kathy Smith                          | 01-01-20 to 12-31-22                         |
| County Sheriff                                    | Scott D. Southerland                 | 01-01-20 to 12-31-22                         |
| County Recorder                                   | Judy Swift-Powdrill<br>Mary E. Smith | 01-01-20 to 12-31-20<br>01-01-21 to 12-31-22 |
| President of the Board of<br>County Commissioners | Jerry Pittman                        | 01-01-20 to 12-31-22                         |
| President of the<br>County Council                | David Redding<br>Gary Huett          | 01-01-20 to 12-31-21<br>01-01-22 to 12-31-22 |



**STATE OF INDIANA**  
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**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 BROWN 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 Brown County (County), for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated March 14, 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.

***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) to determine the 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 2020-001 and 2020-002, 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)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

***Brown County's Response to Findings***

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

March 14, 2022



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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 BROWN COUNTY, INDIANA

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

We have audited Brown 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, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

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

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, 2020.

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

**Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



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

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

We have audited the financial statement of the County, as of and for the year ended December 31, 2020, and the related notes to the financial statement. We issued our report thereon dated March 14, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted 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

March 14, 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.

BROWN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2020

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title  | Pass-Through Entity or Direct Grant                      | Assistance<br>Listings<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|--|--|----------------------------------|--|-----------------------------------|-------------------------------------|
| <u>Department of Housing and Urban Development</u>   |  |                                  |  |                                   |                                     |
| Community Development Block Grants/State's program<br>and Non-Entitlement Grants in Hawaii<br>ECONOMIC DEV PLANNING                | State of Indiana - Office of Community and Rural Affairs | 14.228                           | B-18-180001  | \$ -                              | \$ 20,000                           |
| COVID-19 - Community Development Block Grants/State's program<br>and Non-Entitlement Grants in Hawaii<br>COVID-19 RESPONSE PROGRAM | State of Indiana - Office of Community and Rural Affairs | 14.228                           | B-CV1-CV-18-0001   | -                                 | 225,549                             |
| Total - Department of Housing and Urban Development  |  |                                  |  | -                                 | 245,549                             |
| <u>Department of Justice</u>   |  |                                  |  |                                   |                                     |
| Crime Victim Assistance<br>Victim Assist. Prog. Fed  | Indiana Criminal Justice Institute                       | 16.575                           | VOCA-2018-00213  | -                                 | 34,481                              |
| Violence Against Women Formula Grants<br>Prosecutor Investigator Grant   | Indiana Criminal Justice Institute                       | 16.588                           | STOP-2019-00099  | -                                 | 29,121                              |
| Total - Department of Justice  |  |                                  |  | -                                 | 63,602                              |
| <u>Department of Transportation</u>  |  |                                  |  |                                   |                                     |
| Highway Planning and Construction Cluster<br>Highway Planning and Construction<br>Des 1382874<br>Des 1500200<br>Des 1600505        | Indiana Department of Transportation                     | 20.205                           | Des 1382874<br>Des 1500200<br>Des 1600505                  | -<br>-<br>-                       | 64,242<br>67,932<br>1,875           |
| Total - Highway Planning and Construction Cluster  |  |                                  |  | -                                 | 134,049                             |
| Highway Safety Cluster<br>State and Community Highway Safety<br>Hwy Safety Plan  | Indiana Criminal Justice Institute                       | 20.600                           | CHIRP-2020-00018   | -                                 | 3,726                               |
| National Priority Safety Programs<br>Stop Arm Violation Enforcement  | Indiana Criminal Justice Institute                       | 20.616                           | SAVE-2020-00007  | -                                 | 9,071                               |
| Total - Highway Safety Cluster   |  |                                  |  | -                                 | 12,797                              |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated<br>DUI Task Force   | Indiana Criminal Justice Institute                       | 20.608                           | CHIRP-2020-00072   | -                                 | 9,237                               |
| Total - Department of Transportation   |  |                                  |  | -                                 | 156,083                             |
| <u>Department of the Treasury</u>  |  |                                  |  |                                   |                                     |
| COVID-19 - Coronavirus Relief Fund<br>FY20 Cares Act   | Indiana Finance Authority                                | 21.019                           | N/A  | -                                 | 494,248                             |

BROWN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2020

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title   | Pass-Through Entity or Direct Grant     | Assistance<br>Listings<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|---|---|----------------------------------|--|-----------------------------------|-------------------------------------|
| COVID-19 - Coronavirus Relief Fund<br>CARES (Health)                  | Indiana State Department of Health      | 21.019                           | N/A  | -                                 | 23,618                              |
| Total - COVID-19 - Coronavirus Relief Fund                            |   |                                  |  | -                                 | 517,866                             |
| Total - Department of Treasury  |   |                                  |  | -                                 | 517,866                             |
| <u>Election Assistance Commission</u>                                 |   |                                  |  |                                   |                                     |
| COVID-19 - 2020 HAVA CARES Act Grant<br>CARES Act Election 2020       | Indiana Secretary of State              | 90.404                           | FY2020   | -                                 | 31,073                              |
| Total - Election Assistance Commission                                |   |                                  |  | -                                 | 31,073                              |
| <u>Department of Health and Human Services</u>                        |   |                                  |  |                                   |                                     |
| Public Health Emergency Preparedness<br>Emergency Preparedness Salary | Indiana State Department of Health      | 93.069                           | NU90TP922052   | -                                 | 32,691                              |
| Child Support Enforcement   | Indiana Department of Child Services    | 93.563                           |  |                                   |                                     |
| Clerk IV-D Expenditures   |   |                                  | FY2020   | -                                 | 24,926                              |
| Prosecutor IV-D Expenditures  |   |                                  | FY2020   | -                                 | 86,412                              |
| Circuit Court IV-D Expenditures                                       |   |                                  | FY2020   | -                                 | 23,130                              |
| County General IV-D Indirect Costs                                    |   |                                  | FY2020   | -                                 | 11,468                              |
| Prosecutor Incentive  |   |                                  | FY2020   | -                                 | 6,761                               |
| Clerk Incentive Fund  |   |                                  | FY2020   | -                                 | 5,660                               |
| Total - Child Support Enforcement                                     |   |                                  |  | -                                 | 158,357                             |
| Opioid STR  | Indiana Supreme Court Administration    | 93.788                           |  |                                   |                                     |
| Justice Partners Addictions Response Grant                            |   |                                  | 21-5JC89-C7-001  | -                                 | 28,034                              |
| Total - Department of Health and Human Services                       |   |                                  |  | -                                 | 219,082                             |
| <u>Department of Homeland Security</u>                                |   |                                  |  |                                   |                                     |
| Emergency Management Performance Grants<br>EMA Performance Grant      | Indiana Department of Homeland Security | 97.042                           | FY2020   | -                                 | 16,846                              |
| Homeland Security Grant Program<br>State Homeland Security Grant      | Indiana Department of Homeland Security | 97.067                           | EMW-2016-SS-00078  | -                                 | 24,230                              |
| Total - Department of Homeland Security                               |   |                                  |  | -                                 | 41,076                              |
| Total federal awards expended   |   |                                  |  | \$ -                              | \$ 1,274,331                        |

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

BROWN 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, 2020. 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.

BROWN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

|  |               |
|--|---------------|
| Internal control over major program:   |               |
| Material weaknesses identified?  | 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 Program and type of auditor's report issued on compliance for it:

| Assistance Listings Number | Name of Federal Program or Cluster | Opinion Issued |
|----------------------------|------------------------------------|----------------|
| 21.019                     | COVID-19 - Coronavirus Relief Fund | 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 2020-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The County had not established effective internal controls over the federal award information entered 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 Bookkeeper entered the federal award information into Gateway and the County Auditor reviewed and certified the entered information. However, there was no evidence presented for audit of the County Auditor's review and the internal control was not effective and did not detect and allow correction of errors prior to submission.

BROWN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

1. The COVID-19 - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii grant was omitted, which understated expenditures by \$225,549.
2. The Highway Planning and Construction grant was omitted, which understated expenditures by \$134,049.
3. The COVID-19 - Coronavirus Relief Fund grant was omitted, which understated expenditures by \$517,866.
4. Seven additional grants were omitted, which understated expenditures by \$151,182.
5. Seven additional grants had individually immaterial errors, which resulted in a net overstatement of expenditures by \$41,613.
6. Other errors included the omission or incorrect reporting of federal grantor agency names, pass-through entity names, cluster names, program names, pass-through entity identifying numbers, and Assistance Listings Numbers. Further, all program names were reported incorrectly.

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

*Criteria*

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

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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



BROWN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.62 states in part:

*"Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:*

(a) Transactions are properly recorded and accounted for, in order to:

(1) Permit the preparation of reliable financial statements . . ."

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 Financial statements. . . ."

2 CFR 200.510(b) states:

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

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

BROWN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2020-002**

Subject: Financial Close and Reporting and Disbursements  
Audit Finding: Material Weakness

*Condition and Context*

There were deficiencies in the internal control system of the County Auditor related to financial close and reporting and disbursements.

*Financial Close and Reporting*

The County Auditor's office established internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Annual Financial Report and financial statement. The Bookkeeper entered the financial information into Gateway, and the County Auditor reviewed and certified the entered information. However, there was no evidence presented for audit of the County Auditor's review to ensure the financial information was accurate prior to submission.

*Disbursements*

The County did not have a proper system of internal control over disbursements related to its self-insurance for healthcare benefits. Payments made to the County's third-party administrator for the processing of health insurance claims and payment of related administrative fees did not have a documented review and approval process to ensure the health insurance claims processed were for actual employees of the County.

BROWN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

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

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

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

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

No matters are reportable.

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#### AUDITEE-PREPARED DOCUMENT

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

# **Julia Reeves**

## **Brown County Auditor**

201 Locust Lane  
P.O. Box 37  
Nashville, IN 47448  
Phone (812) 988-5485  
Fax (812) 988-5487



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### **CORRECTION ACTION PLAN**

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

Contact Person Responsible for Corrective Action: Julia Reeves  
Contact Phone Number: 812-988-5485

Views of Responsible Official: We concur with the finding.

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

The federal schedule submitted to Gateway will be reviewed both Auditor and Bookkeeper to ensure that all federal grants will be reported accurately.

Anticipated Completion Date: 04/01/2022

# **Julia Reeves**

## **Brown County Auditor**

201 Locust Lane  
P.O. Box 37  
Nashville, IN 47448  
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Fax (812) 988-5487



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### **CORRECTION ACTION PLAN**

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

Contact Person Responsible for Corrective Action: Julia Reeves  
Contact Phone Number: 812-988-5485

Views of Responsible Official: We concur with the finding.

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

The financial information submitted to Gateway will be reviewed both Auditor and Bookkeeper to ensure that all information will be reported accurately.

Disbursements for Self-Insurance fund will be reviewed by both HR and Payroll and Initialed to insure both health insurance claims and administrative fees are properly disbursed.

Anticipated Completion Date: 04/01/2022

## OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.