

Lafayette County

Report on Federal and State Awards

December 31, 2022

Lafayette County

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**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Finance Committee and Board of Supervisors of
Lafayette County

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lafayette County (the Organization) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 20, 2023. Our report includes a reference to other auditors who audited the financial statements of Memorial Hospital of Lafayette County, a major enterprise fund of Lafayette County, as described in our report on the Organization's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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*.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Madison, Wisconsin
September 20, 2023

**Report on Compliance
for Each Major Federal and Major State Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal and State Awards Required by the Uniform Guidance
and the *State Single Audit Guidelines***

Independent Auditors' Report

To the Finance Committee and Board of Supervisors of
Lafayette County

Report on Compliance for Each Major Federal and Major State Program

Opinion on Each Major Federal and Major State Program

We have audited Lafayette County's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on each of the Organization's major federal and major state programs for the year ended December 31, 2022. The Organization's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and Major State 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*); 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); and the *Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 and major state program. Our audit does not provide a legal determination of the Organization'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 Organization's federal and state programs.

Auditors' 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 Organization'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*, the Uniform Guidance, and the *Guidelines* 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 Organization's compliance with the requirements of each major federal and major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines*, 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 Organization'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 Organization'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 and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state 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 Auditors' 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 and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the Guidelines

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Organization as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements. We issued our report thereon dated September 20, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the Memorial Hospital of Lafayette County, a major enterprise fund of Lafayette County, as described in our report on Lafayette County's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *Guidelines* and is not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
September 20, 2023

Lafayette County

Schedule of Expenditure of Federal and State Awards
Year Ended December 31, 2022

Grantor Agency / Program Title	Federal AL Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures
FEDERAL PROGRAMS				
U.S. Department of Agriculture				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	DHS	N/A	\$ 74,464
Total SNAP Cluster				<u>74,464</u>
Total U.S. Department of Agriculture				<u>74,464</u>
U.S. Department of Natural Resources				
National Recreation Trails Program	20.219	DNR	N/A	<u>45,000</u>
Total U.S. Department of Natural Resources				<u>45,000</u>
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	DOA	N/A	11,086
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	DHS	N/A	16,921
Total U.S. Department of Treasury				<u>28,007</u>
U.S. Department of Education				
Special Education-Grants for Infants and Families	84.181	DHS	CARS 550	<u>21,396</u>
Total U.S. Department of Education				<u>21,396</u>
U. S. Department of Health and Human Services				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	GWAAR	N/A	1,508
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	GWAAR	N/A	13,291
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	GWAAR	N/A	<u>31,993</u>
Total Aging Cluster				<u>45,284</u>
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	GWAAR	N/A	(1,528)
Public Health Emergency Preparedness	93.069	DHS	CARS 155015	43,522
Immunization Cooperative Agreements	93.268	DHS	CARS 155020	7,107
COVID-19 Immunization Supp 3 Cons	93.268	DHS	N/A	<u>26,027</u>
Subtotal				<u>33,134</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	DHS	CARS 155802	29,350
Enhancing Detection	93.323	DHS	CARS 155817	<u>7,337</u>
Subtotal				<u>36,687</u>
Public Health Workforce	93.354	DHS	N/A	14,845
COVID-19 HRSA Uninsured Program	93.461	None	N/A	57,864
Promoting Safe and Stable Families	93.556	DCF	SPARC 2022	33,310

See notes to schedule of expenditures of federal and state awards

Lafayette County

Schedule of Expenditure of Federal and State Awards
 Year Ended December 31, 2022

Grantor Agency / Program Title	Federal AL Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures
FEDERAL PROGRAMS				
U. S. Department of Health and Human Services (Continued)				
Temporary Assistance for Needy Families	93.558	DHS	CARS 561	\$ 40,363
Temporary Assistance for Needy Families	93.558	DCF	N/A	<u>2,308</u>
Total TANF				<u>42,671</u>
Child Support Enforcement	93.563	DCF	SPARC 2022	161,096
CCDF Cluster				
Child Care and Development Block Grant	93.575	DCF	SPARC 2022	<u>26,524</u>
Total CCDF Cluster				<u>26,524</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	DCF	N/A	12,706
COVID-19 Foster Care - Title IV-E	93.658	DCF	N/A	216,572
Adoption Assistance	93.659	DCF	N/A	5,891
Social Services Block Grant	93.667	DHS	N/A	75,941
COVID-19 Elder Abuse Prevention Interventions Program	93.747	DHS	N/A	2,814
Children's Health Insurance Program	93.767	DHS	CARS 284	12,326
Medicaid Cluster				
Medical Assistance Program	93.778	DHS	N/A	154,652
Medical Assistance Program	93.778	Green County	N/A	180,379
Medical Assistance Program	93.778	DHS	N/A	143,139
Medical Assistance Program	93.778	DHS	N/A	<u>16,148</u>
Total Medicaid Cluster				<u>494,318</u>
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	None	N/A	605,296
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution - Infection Control	93.498	None	N/A	<u>56,344</u>
Subtotal				<u>661,640</u>
Block Grants for Community Mental Health Services	93.958	DHS	CARS 515, 569	59,549
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DHS	N/A	70,849
Maternal and Child Health Services Block Grant to the States	93.994	DHS	CARS 159320	<u>12,352</u>
Total U.S. Department of Health and Human Services				<u>2,119,875</u>
U. S. Department of Homeland Security				
Emergency Management Performance Grants	97.042	DMA	N/A	<u>40,320</u>
Total U.S. Department of Homeland Security				<u>40,320</u>
Total Federal Programs				<u>\$ 2,329,062</u>

See notes to schedule of expenditures of federal and state awards

Lafayette County

Schedule of Expenditures of Federal and State Awards
 Year Ended December 31, 2022

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures
STATE PROGRAMS				
Wisconsin Department of Agriculture, Trade and Consumer Protection				
County Staff and Support	115.150	N/A	N/A	\$ 64,063
Land and Water Resource Management	115.400			<u>(7,172)</u>
Total Wisconsin Department of Agriculture, Trade, and Consumer Protection				<u>56,891</u>
Wisconsin Department of Natural Resources				
Venison Processing	370.549	N/A	N/A	2,320
All Terrain Vehicle Enforcement	370.551	N/A	N/A	9,875
Wildlife Damage Abatement	370.553	N/A	N/A	8,285
Snowmobile Trail Aids	370.574	N/A	N/A	141,880
Snowmobile Trail Aids	370.575	N/A	N/A	31,320
All-Terrain Vehicle Trails	370.576	N/A	N/A	85,747
All-Terrain Vehicle Trails	370.577	N/A	N/A	<u>114,595</u>
Total Wisconsin Department of Natural Resources				<u>394,022</u>
Wisconsin Department of Transportation				
Elderly and Handicapped County Aids	395.101	N/A	N/A	79,889
Local Roads Improvement Program	395.278	N/A	N/A	3,437
General/Winter Maintenance/Special Highway Maintenance	395.365	N/A	N/A	<u>1,320</u>
Total Wisconsin Department of Transportation				<u>84,646</u>
Wisconsin Department of Health Services				
IMAA State Share	435.000283	N/A	N/A	64,363
IMAA Federal Share	435.000284	N/A	N/A	1,208
APS-Adult Protective Services	435.000312	N/A	N/A	17,522
Children's COP	435.000377	N/A	N/A	36,079
Alzheimers Family Support	435.000381	N/A	N/A	3,882
Coordinated Services Team Initiative	435.000515	N/A	N/A	11,015
Community Mental Health	435.000516	N/A	N/A	16,289
Birth to Three Initiative	435.000550	N/A	N/A	23,553
Basic County Allocation	435.000561	N/A	N/A	433,597
STATE/COUNTY MATCH	435.000681	N/A	N/A	60,191
CLTS WAIVER CWA ADMIN GPR	435.000877	N/A	N/A	961
COMM DISEASE CTRL & PREV	435.155800	N/A	N/A	2,111
Aging & Dis Resource Ctr	435.560100	Green County	N/A	181,193
SENIOR COMMUNITY SVS PROG	435.560330	GWAAR	N/A	5,400
CLTS Other GPR	435.871000	N/A	N/A	<u>73,476</u>
Total Wisconsin Department of Health Services				<u>930,840</u>

See notes to schedule of expenditures of federal and state awards

Lafayette County

Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2022

Grantor Agency / Program Title	State ID Number	Pass- Through Agency	Pass- Through Agency ID	Expenditures
STATE PROGRAMS				
Wisconsin Department of Children and Families				
Food Stamp Agency Incentives	437.0965	N/A	N/A	\$ 3,141
Medicaid Agency Incentives	437.0980	N/A	N/A	4,216
JJ Community Intervention Program	437.3410	N/A	N/A	95
JJ AODA	437.3411	N/A	N/A	1,459
JJ Youth Aids	437.3413	N/A	N/A	99,995
CW Children and Families Allocation	437.3561	N/A	N/A	204,818
CW Children & Families Allocations	437.3681	N/A	N/A	23,744
CW WISACWIS Annual Operation Maintenance Fee	437.3935	N/A	N/A	(2,276)
PDS Partnership Fees	437.3940	N/A	N/A	(758)
CS State GPR/PR Funding Allocation	437.7502	N/A	N/A	22,504
CS Medical Support GPR Earned	437.7606	N/A	N/A	554
CW Kinship Care Program - Benefits	437.3377A	N/A	N/A	16,926
CW Kinship Care Program - Benefits	437.3377B	N/A	N/A	40,685
CW Kinship Care Program - Assessment	437.3380A	N/A	N/A	359
CW Kinship Care Program - Assessment	437.3380B	N/A	N/A	<u>486</u>
Total Wisconsin Department of Children and Families				<u>415,948</u>
Wisconsin Department of Justice				
Treatment Alternatives and Diversion	455.279	N/A	N/A	25,460
Law Enforcement Training Fund Local Assistance	455.231	N/A	N/A	3,597
Victim and Witness Assistance Program	455.532	N/A	N/A	<u>11,983</u>
Total Wisconsin Department of Justice				<u>41,040</u>
Wisconsin Department of Military Affairs				
Public Safety - Emergency Government Disaster Assistance	465.305	N/A	N/A	9,402
Emergency Government Response Equipment	465.308	N/A	N/A	456
Emergency Planning Grant	465.337	N/A	N/A	<u>49,322</u>
Total Wisconsin Department of Military Affairs				<u>59,180</u>
Wisconsin Department of Veterans Affairs				
County Veterans Service Officer	485.001	N/A	N/A	<u>9,350</u>
Total Wisconsin Department of Veterans Affairs				<u>9,350</u>
Wisconsin Department of Administration				
Land Information Board Grants	505.173	N/A	N/A	123,880
Utility Public Benefits - Low Income Assistance	505.371	N/A	N/A	<u>33,450</u>
Total Wisconsin Department of Administration				<u>157,330</u>
Total State Programs				<u>\$ 2,149,247</u>

See notes to schedule of expenditures of federal and state awards

Lafayette County

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Lafayette County, including Memorial Hospital of Lafayette County, under programs of the federal and state government for the year ended December 31, 2022. The information in this Schedule 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) and the *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of Lafayette County, it is not intended to and does not present the financial position, changes in net position or cash flows of Lafayette County.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

3. Indirect Cost Rate

Lafayette County has not elected to use the 10% de minimis indirect cost rate.

4. CARS/SPARC Report Dates

The Schedule of Expenditures of Federal and State Awards includes adjustments through the Community Aids Reporting System (CARS) reports dated March 30, 2023 and SPARC reports for December 2022. Federal/state funding splits for awards passed through Wisconsin Department of Health Services (DHS) are based on the splits provided by DHS on January 23, 2023. Federal/state funding splits for awards passed through Wisconsin Department of Children and Families (DCF) are based on the splits provided by DCF on January 30, 2023.

Lafayette County

Notes to Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2022

5. Pass-Through Agencies

Lafayette County received federal awards from the following pass-through agencies:

DHS	Wisconsin Department of Health Services
DNR	Wisconsin Department of Natural Resources
DOA	Wisconsin Department of Administration
DCF	Wisconsin Department of Children and Families
DMA	Wisconsin Department of Military Affairs
GWAAR	Greater Wisconsin Agency on Aging Resources
Green County	Green County, Wisconsin

6. ALN 93.498 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

The Health Resources and Services Administration (HRSA) has directed health care providers to report expenditures on the Schedule using Periods that are based on the deadline to use the funds along with the PRF portal reporting time period. In accordance with this guidance, Lafayette County has reported expenditures for ALN 93.498 that were incurred between January 1, 2021 and December 31, 2022, which represent Periods 3 and 4 as identified by HRSA, in the accompanying Schedule.

Lafayette County

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted? yes X no

Federal and State Awards

Internal control over major programs:

	<u>Federal Programs</u>		<u>State Programs</u>	
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported	<u> </u> yes	<u> X </u> no

Type of auditor's report issued on compliance for major programs: Unmodified Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*? yes X no yes X no

Auditee qualified as low-risk auditee? yes X no yes X no

Dollar threshold used to distinguish between type A and type B programs: \$750,000 \$250,000

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.498	COVID 19 Provider Relief Fund
93.778	Medicaid Cluster: Medical Assistance Program

Identification of major state programs:

<u>State Numbers</u>	<u>Name of State Program</u>
435.560100	Aging and Disability Resource Center
435.561/681 and 437.3561/3681	Basic County Allocation

Lafayette County

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2022-001: Internal Control Over Financial Reporting

Repeat of Prior Year Finding 2021-001

Criteria: Auditing standards require us to report a material weakness for Lafayette County if material journal entries are detected as part of the financial audit, the auditor prepares the annual financial statements and footnotes or the auditor prepares the schedule of expenditures of federal and state awards (SEFSA).

Condition: Material journal entries were discovered during the course of the audit and we, as your auditors, prepared the annual financial statements. In addition, the auditors prepared the schedule of expenditures of federal and state awards and the data collection form.

Cause: The County does not have the resources required to identify and correct all misstatements in the financial records or to prepare the annual financial statements or the schedule of expenditures of federal and state awards in conformity with generally accepted accounting principles (GAAP).

Effect: A financial statement prepared in accordance with GAAP is not available until the conclusion of the audit. In addition, the schedule of expenditures of federal and state awards is not available to the county until it is completed by the auditors.

Recommendation: We recommend that the county put in place procedures to continue to reduce the number of material audit journal entries as well as determine if resources would be available to prepare a complete set of financial statements without material changes.

Management Response: Lafayette County has an individual qualified to prepare the financial statements and SEFSA. However, due to the technical limitations of Lafayette County's current enterprise software system, it is not equipped to publish comprehensive financial statements. Also, due to staff limitations, Lafayette County does not have the employee hours available to prepare the financial statements. Therefore, out of convenience, the County requests the assistance of the auditors to prepare the financial statements. The draft auditor-prepared financial statements, disclosures and schedules are reviewed and approved by the Lafayette County Finance Director before being issued.

Finding 2022-002: Internal Control Environment

Criteria: According to Statement on Auditing Standards AU-C Section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, sufficient internal accounting controls should be in place that mitigate the risk of material misstatement in the financial records due to fraud or error.

Condition: We identified key controls that ideally should be present or strengthened in order to mitigate the risk of material misstatement in relation to the County's significant transaction cycles as follows:

Controls over payroll

- There should be a system to review and approve employee timecards in the Manor.

Lafayette County

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Controls over monthly and year-end accounting

- Adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer.
- Bank reconciliations prepared throughout the year should be reviewed by someone independent of performing the reconciliation.
- EMS and Manor accounts receivable should be reconciled monthly, or at a minimum at year-end.
- Budget-to-actual reports should be sent and reviewed monthly by those charged with governance.

Cause: The County does not have the staffing levels necessary to completely segregate accounting functions. In addition, the County has experienced staff turnover resulting in gaps in previously implemented controls, leading to some of the deficiencies noted above.

Effect: Because of the lack of segregation of duties and other controls, the accounting records have an increased risk of misstatement due to error or fraud.

Recommendation: We recommend that the County consider additional controls or procedures to help address the items noted above.

Management Response: Lafayette County has had vacancies in key positions in 2022 and beyond which has resulted in the weakness presented above. The Finance Director position was vacant for the majority of 2022, causing some of the main control issues. The County has already taken steps to fix some of the controls now that adequate staff is in place in some areas. However, there remain gaps in staffing in 2023 and beyond due to applicant pools and budget constraints. The County Finance Director will work to improve segregation of duties and provide an increase in oversight and review to restore the County to where it was prior to the vacancy. Monthly budget-to-actual reports have been started to be prepared monthly in 2023.

Lafayette County

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section III - Federal and State Awards Findings and Questioned Costs

No findings were reported.

