

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTHERN INDIANA DEVELOPMENT COMMISSION

MARTIN COUNTY, INDIANA

January 1, 2012 to December 31, 2013



**FILED**  
11/26/2014



TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| Schedule of Officials .....  | 2           |
| Transmittal Letter .....   | 3           |
| Federal Finding:<br>Finding 2013-001 - Internal Controls and Compliance Over the Schedule of<br>Expenditures of Federal Awards ..... | 4-5         |
| Corrective Action Plan.....  | 6           |
| Audit Result and Comment:<br>Reconciliation of Subsidiary Ledgers .....  | 7           |
| Exit Conference.....   | 8           |

### SCHEDULE OF OFFICIALS

| <u>Office</u>                       | <u>Official</u>            | <u>Term</u>                                  |
|-------------------------------------|----------------------------|--|
| Executive Director                  | Greg Jones                 | 01-01-12 to 12-31-14                         |
| Treasurer                           | Don Bowling<br>Ed Cullison | 01-01-12 to 02-22-12<br>02-23-12 to 12-31-14 |
| President of the<br>Executive Board | Mike Healy                 | 01-01-12 to 12-31-14                         |



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE SOUTHERN INDIANA DEVELOPMENT  
COMMISSION, MARTIN COUNTY, INDIANA

This report is supplemental to our audit report of the Southern Indiana Development Commission (Plan Commission), for the period from January 1, 2012 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the Plan Commission. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Plan Commission, which provides our opinions on the Plan Commission's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

October 16, 2014

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
FEDERAL FINDING

***FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The Plan Commission did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Plan Commission should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal controls in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors:

1. State grant matching funds were reported as federal expenditures under the Formula Grants for Rural Areas on the SEFA.
2. Federal grant funds were reported under the incorrect CFDA number and grant names were incorrectly presented on the SEFA.
3. Block Grants for Prevention and Treatment of Substance Abuse federal expenditures were not presented on the SEFA.
4. Pass-through entities were not properly documented on SEFA. This included identifying numbers from pass-through entities not properly reported.

Audit adjustments were proposed, accepted by the Plan Commission, and made to the SEFA presented in this report totaling \$663,148.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
FEDERAL FINDING  
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."



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SOUTHERN INDIANA DEVELOPMENT COMMISSION

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October 1, 2014

**SOUTHERN INDIANA  
DEVELOPMENT COMMISSION**

**CORRECTIVE ACTION PLAN**

Finding 2013-001 – Internal Controls and Compliance Over the Schedule of Expenditures of Federal Awards

Greg Jones  
Executive Director  
812-295-3707

October 16, 2014

The Southern Indiana Development Commission has implemented the following control below that will be effective on the next Gateway report submission for 2014. The control will provide reasonable assurance that the 2014 SEFA presentation will be materially correct.

The Administrative Specialist will fill out the Gateway Grant Schedule of Expenditures and the grant administrators that are responsible for the project will look over the federal grants to make sure the amounts are correct.

Greg Jones  
Executive Director

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
AUDIT RESULT AND COMMENT

***RECONCILIATION OF SUBSIDIARY LEDGERS***

Reconcilements between the individual Subsidiary Ledger accounts and control account were not performed during the audit period. The control account reflected \$208,079 more in receipts and \$513,780 less in disbursements than the individual subsidiary accounts for the audit period.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

SOUTHERN INDIANA DEVELOPMENT COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2014, with Mike Healy, President of the Executive Board; Greg Jones, Executive Director; and Janice Taylor, Administrative Specialist.