

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PERRY COUNTY PORT AUTHORITY

PERRY COUNTY, INDIANA

January 1, 2012 to December 31, 2013



FILED
02/06/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Operations Manager	Kevin Teague	01-01-12 to 12-31-15
Chairman of the Board	Alvin C. Evans Bill Goffinet	01-01-12 to 06-30-13 07-01-13 to 12-31-15
Bookkeeper	Michael O. Elaman, CPA	01-01-12 to 12-31-15
Treasurer of the Board	Danny Thomas	01-01-12 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PERRY COUNTY PORT AUTHORITY, PERRY COUNTY, INDIANA

This report is supplemental to our audit report of the Perry County Port Authority (Port Authority), 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 that pertain to the Port Authority. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Port Authority, which provides our opinions on the Port Authority's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

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

January 13, 2015

PERRY COUNTY PORT AUTHORITY
FEDERAL FINDING

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

The Port Authority did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Port Authority 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 control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: three state grants were included on the SEFA. Audit adjustments were proposed, accepted by the Port Authority, and made to the SEFA presented in this report.

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)

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:

PERRY COUNTY PORT AUTHORITY
FEDERAL FINDING
(Continued)

- (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."

PERRY COUNTY PORT AUTHORITY

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CORRECTIVE ACTION PLAN

FINDINGS NO. 2013-001, INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS.

AUDITEE CONTACT PERSON: Kevin Teague

TITLE OF CONTACT PERSON: Operations Manager

PHONE NUMBER OF CONTACT PERSON: 812 547-3586

PLAN: The contact person named above has reviewed the Financial Statement Finding related to the audit for the year 2013 and now offers the following corrective action.

The Operations Manager will formalize the procedure to properly identify state and federal grants as submitted on the Schedule of Expenditures of Federal Awards (SEFA). Prior to submission, all grants listed on the SEFA will be reviewed with the preparing accountant to ensure they are properly identified and documented as federal grants.

This procedure should eliminate future errors.

Sincerely,



Kevin Teague
Operations Manager, PCPA

PERRY COUNTY PORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2015, with Kevin Teague, Operations Manager; Alvin C. Evans, Board member; Bill Goffinet, Chairman of the Board; and Michael O. Elaman, CPA, Bookkeeper.