

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

NORTHWESTERN INDIANA REGIONAL  
PLANNING COMMISSION  
PORTER COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
07/09/2015



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Finding:	
Finding 2014-001 - Cash Management and Reporting .....	4-5
Corrective Action Plan.....	6
Audit Result and Comment:	
Penalties, Interest, and Other Charges .....	7
Official Response .....	8
Exit Conference.....	9

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Ty Warner	01-01-14 to 12-31-15
Director of Finance and Administration	Angie Hayes	01-01-14 to 12-31-15
Chair of the Commission	Brian Snedecor	01-01-14 to 12-31-14
	Blair Milo	01-01-15 to 12-31-15



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE NORTHWESTERN INDIANA REGIONAL  
PLANNING COMMISSION, PORTER COUNTY, INDIANA

This report is supplemental to our audit report of the Northwestern Indiana Regional Planning Commission (Commission), for the period from January 1, 2014 to December 31, 2014. 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 Commission. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Commission, which provides our opinions on the 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 Findings and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

June 18, 2015

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
FEDERAL FINDING

***FINDING 2014-001 - CASH MANAGEMENT AND REPORTING***

Federal Agency: U.S. Department of Transportation

Federal Programs: Federal Transit\_Formula Grants, Highway Planning and Construction, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research

CFDA Numbers: 20.507, 20.205, 20.505

Federal Award Numbers: IN90-X653, PL-0012805561, PL-0014805082, STP-0015808664,  
STP-0014805228, CQ-0012805562, CQ-0010807052, CQ-0013803302,  
5303-0013803302

Direct Grant for 20.507

Pass-Through Entity: Indiana Department of Transportation for CFDA numbers 20.205 and 20.505

Management of the Commission has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements.

*Federal Transit\_Formula Grants*

The Commission has not designed or implemented procedures to ensure compliance with the reporting requirements for Subaward reporting under the Transparency Act. One individual is responsible for preparing and submitting the reports on the Transparency website. An oversight, review, or approval process has not been established to ensure that the reports are accurate and complete and that they comply with the reporting requirements.

*Highway Planning and Construction, Metropolitan Transportation  
Planning and State and Non-Metropolitan Planning and Research*

The Commission has not designed or implemented procedures to ensure compliance with the cash management and reporting requirements of the programs. The Commission is required to submit quarterly reports which are requests for reimbursement of their expenditures to the Indiana Department of Transportation. Officials stated that reports were reviewed prior to submission; however, evidence of a review or oversight process to ensure compliance with the Cash Management and Reporting requirements was not provided.

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
FEDERAL FINDING  
(Continued)

The failure to establish an effective internal control system places the Commission at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Commission.

We recommended that the Commission's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.



## CORRECTIVE ACTION PLAN

### FINDING 2014-001

Contact Person Responsible for Corrective Action: Angie Hayes, Director of Finance & Administration  
Contact Phone Number: 219-763-6060

#### Description of Corrective Action Plan:

##### *Federal Transit\_Formula Grants*

The Commission has been submitting Subaward reporting under the Transparency Act. A review and approval process has now been developed to ensure reports are accurate, complete and comply with the reporting requirements. Once the Subaward contracts are signed by both parties, the Subawards will be entered into the federal website and a draft report will be created. This report will then be reviewed and initialed prior to the report submission in the federal system.

##### *Highway Planning and Construction, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research*

As the Director of Finance and Administration for the Commission I disagree with this portion of the finding. Currently there are procedures in place to ensure compliance with the cash management and reporting requirements of the program. The procedure has the Director of Finance and Administration review the reports prior to submission to the Indiana Department of Transportation (INDOT). Staff presented documentation during the audit, however this documentation was not accepted for reasons unknown. In the future, the Director of Finance and Administration will initial on the quarterly report letter to INDOT after the review has been completed.

Anticipated Completion Date: August 3, 2015

Angie Hayes  
Director of Finance & Administration



NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
AUDIT RESULT AND COMMENT

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Commission paid \$310 in penalties to Indiana Department of Revenue (IDOR) in May 2014 because the Commission did not remit information returns (W-2 and/or WH-18 statements) on a timely basis. According to the IDOR notice, the information should have been remitted no later than the last day of February following the close of the year; but it was not.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)



June 24, 2015

State Board of Accounts  
302 West Washington Street, Room E 415  
Indianapolis, IN 464204-2765

Re: Official Response

We concur with the comment that during the year 2014 the Commission made an untimely submittal of the State W-2 which resulted in paying penalties to the State of Indiana. The Commission has changed the W-2 submission procedure in 2014, to ensure that the February 28<sup>th</sup> deadline will not be missed for future submittals. The 2015 W-2 submission for the Commission was submitted by January 30, 2015.

Angie Hayes  
Director of Finance and Administration

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on June 18, 2015, with Ty Warner, Executive Director; Angie Hayes, Director of Finance and Administration; and Roosevelt Allen Jr., Treasurer of the Commission.