

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF ANDERSON

MADISON COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
04/24/2017



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Jason C. Fenwick	01-01-15 to 12-31-15
	David Eicks (interim)	01-01-16 to 04-17-16
	Douglas A. Whitham	04-18-16 to 12-31-17
Mayor	Kevin S. Smith	01-01-12 to 12-31-15
	Thomas J. Broderick, Jr.	01-01-16 to 12-31-19
President of the Board of Public Works	Pete Heuer	01-01-15 to 12-31-15
	David Eicks	01-01-16 to 12-31-17
President of the Common Council	Donna Davis	01-01-15 to 12-31-15
	Antony Bibbs	01-01-16 to 12-31-16
	C. Gregory Graham	01-01-17 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the City of Anderson (City), for the period from January 1, 2015 to December 31, 2015. 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 City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments 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 Results and Comments contained herein describe 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 Results and Comments, incorporated within this report, were not verified for accuracy.

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

March 15, 2017

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CONTROLLER  
CITY OF ANDERSON

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CITY OF ANDERSON  
FEDERAL FINDINGS

**FINDING 2015-001 - PREPARATION OF THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The City 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 SEFA presented for audit was understated by a net of \$1,146,883.

During the audit, the SEFA had the following errors:

1. Several grants, totaling \$1,393,654, were omitted from the SEFA.
2. Two grants, totaling \$246,771, were included on the SEFA but should not have been.
3. One grant in the amount of \$134,397 was reported using an incorrect CFDA number.
4. One amount reported as Pass-Through to Subrecipient was understated by \$29,845.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

*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 200.508 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. . . ."



CONTROLLER  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

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 Basis for determining Federal awards expended. 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 CFDA number or other identifying number when the CFDA 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 Basis for determining Federal awards expended, paragraph (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 the 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 Indirect (F&A) costs."

*Cause*

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

*Effect*

Because a proper system of internal control was not in place, material misstatements of the SEFA remained undetected.

*Views of Responsible Officials*

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

CONTROLLER  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

**FINDING 2015-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS**

*Condition*

The City had the following deficiencies within their internal control system:

1. Lack of Internal Controls over Payroll Disbursements: The City's procedures to ensure the accuracy of payroll disbursements included a review of the Payroll Detail Proof Report by each department head prior to payment of employees. Evidence of this control to allow determination of proper implementation of the control was not provided. Additionally, time cards were prepared each pay period for all hourly and salary employees. After being prepared by the employees, the time cards were reviewed and approved by their supervisor. Time cards reviewed for the payrolls ending on May 23, 2015, August 28, 2015, and October 23, 2015, had several departments in which time cards were not reviewed by a supervisor.

The control procedures in place at the City did not ensure that the disbursements were posted in the proper reporting period.

2. Bank Reconcilements: The City's procedures to ensure the accuracy of the bank reconciliation was for the Controller to approve the bank reconciliations once they were prepared. No documentation was presented for audit to substantiate this control had been implemented.

*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. . . ."

CONTROLLER  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management of the City had not established or properly implemented a proper system of internal control related to payroll disbursements. There was no evidence of the Controller's review of the bank reconcilements.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

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



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*Controller's Office*  
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Mayor Thomas J. Broderick Jr.

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## CORRECTIVE ACTION PLAN

### ***FINDING 2015-001- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, has put in place a system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2016 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2016

### ***FINDING 2015-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, will put in place a system of internal control designed to ensure proper documentation of the review and approval of payroll transactions and time cards. The system will be designed to show evidence of review by initials and or by archiving email correspondence denoting approval.

Anticipated Completion Date: On or before June 30, 2017

The City, through the Controller's Office, has put in place a system of internal control designed to ensure the proper recording of all payroll disbursements. Payroll disbursement postings are reviewed monthly by someone independent of the payroll preparation process under the supervision of the Controller.

Anticipated Completion Date: On or before June 30, 2016

The City, through the Controller's Office, has put in place a system of internal control designed to ensure proper documentation of the review and approval of bank reconciliations. The system is designed to show evidence of review by electronic signature denoting approval. The Controller or Deputy Controller reviews and signs all bank reconciliations as performed by another person.

Anticipated Completion Date: On or before June 30, 2016

***FINDING 2015-003- REPORTING AND SPECIAL TESTS AND PROVISIONS***

Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist  
Contact Phone Number: 765-648-6116

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Economic Development Department, has put in place a system of internal control designed to ensure evidence of the proper review and approval of required reports. Reports will be prepared by the Economic Development Specialist and reviewed and approved by the Revolving Loan Fund Board as evidenced by a notation in the official meeting minutes and the signature on the report by the Revolving Loan Fund Board president.

A proper system of internal control has been established to ensure compliance with special tests and provisions, particularly in the area of minimum loan documentation standards by use of a checklist by the Economic Development Specialist in putting together loan files. A secondary review will be performed by the Revolving Loan Fund Board attorney to ensure all required documents are included in the loan file and recorded if necessary as evidenced by a signature on the checklist as maintained in the corresponding file.

Anticipated Completion Date: December 31, 2016

***FINDING 2015-004- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities,

allowable costs, and reporting. Reimbursement reports will be prepared by someone other than the person performing the review and approval functions. The person performing the review and approval of the reports will possess a sufficient knowledge of grant requirements. Evidence of review and approval will be documented by initialing or signing the report.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-005- PROCURMENT, SUSPENSION, AND DEBARMENT***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure all documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment. All quotes will be scanned and stored electronically for future reference. Someone knowledgeable of the grant requirement threshold for obtaining quotes will oversee the process.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-006- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities, allowable costs, cash management, and period of performance. Reimbursement requests are being prepared by someone other than the person performing the review and approval functions. The reimbursement requests are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement requests. Both persons preparing the reimbursement requests and performing the review and approval of them possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the reimbursement requests.

Anticipated Completion Date: January 1, 2016

***FINDING 2015-007- REPORTING***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required reports related to the SAFER grant. Reports are being prepared by someone other than the person performing the review and approval functions. The reports are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement reports. Both persons completing the reports and performing the review and approval of the reports possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the report.

Anticipated Completion Date: January 1, 2016

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CITY OF ANDERSON  
AUDIT RESULTS AND COMMENTS

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

The City paid finance charges in the amount of \$6,705 during the audit period. The charges incurred were due to late payments to a vendor for fleet fuel charges.

A similar comment appeared in prior Report B45766.

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 Cities and Towns, Chapter 1)

***OVERDRAWN CASH BALANCES***

The City's financial statement included the following funds with overdrawn cash balances at December 31, 2015:

Fund	Amount Overdrawn
Sirmax	\$ 237,244
Airport Non-Reverting	32,882

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



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CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Thomas J. Broderick, Jr., Mayor; Douglas A. Whitham, Controller; Michelle Davis, Deputy Controller; C. Gregory Graham, President of the Common Council; and Jack Kessling, Board of Public Works member.

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COMMUNITY DEVELOPMENT  
CITY OF ANDERSON

COMMUNITY DEVELOPMENT  
CITY OF ANDERSON  
FEDERAL FINDING

***FINDING 2015-003 - REPORTING AND SPECIAL TESTS AND PROVISIONS***

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 0061901906A

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-002.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the requirements related to Reporting and Special Tests and Provisions.

No documentation was presented for audit to provide evidence that a control procedure was established by the City to ensure the accuracy of the semiannual reports submitted to the Economic Development Authority. Additionally, no documentation was presented for audit to provide evidence that a control procedure was established by the City to ensure that the minimum standard loan documentation was obtained for each potential loan.

*Context*

Both semiannual reports and all loan documentation for new loans created during the audit period were examined. No control procedures were in place during the audit period to ensure the accuracy of the reports or that the minimum standard loan documentation was obtained for each loan.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

CITY OF ANDERSON  
FEDERAL FINDING  
(Continued)

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting and Special Tests and Provisions compliance requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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



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Mayor Thomas J. Broderick Jr.

---

## CORRECTIVE ACTION PLAN

### ***FINDING 2015-001- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, has put in place a system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2016 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2016

### ***FINDING 2015-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, will put in place a system of internal control designed to ensure proper documentation of the review and approval of payroll transactions and time cards. The system will be designed to show evidence of review by initials and or by archiving email correspondence denoting approval.

Anticipated Completion Date: On or before June 30, 2017

The City, through the Controller's Office, has put in place a system of internal control designed to ensure the proper recording of all payroll disbursements. Payroll disbursement postings are reviewed monthly by someone independent of the payroll preparation process under the supervision of the Controller.

Anticipated Completion Date: On or before June 30, 2016

The City, through the Controller's Office, has put in place a system of internal control designed to ensure proper documentation of the review and approval of bank reconciliations. The system is designed to show evidence of review by electronic signature denoting approval. The Controller or Deputy Controller reviews and signs all bank reconciliations as performed by another person.

Anticipated Completion Date: On or before June 30, 2016

***FINDING 2015-003- REPORTING AND SPECIAL TESTS AND PROVISIONS***

Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist  
Contact Phone Number: 765-648-6116

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Economic Development Department, has put in place a system of internal control designed to ensure evidence of the proper review and approval of required reports. Reports will be prepared by the Economic Development Specialist and reviewed and approved by the Revolving Loan Fund Board as evidenced by a notation in the official meeting minutes and the signature on the report by the Revolving Loan Fund Board president.

A proper system of internal control has been established to ensure compliance with special tests and provisions, particularly in the area of minimum loan documentation standards by use of a checklist by the Economic Development Specialist in putting together loan files. A secondary review will be performed by the Revolving Loan Fund Board attorney to ensure all required documents are included in the loan file and recorded if necessary as evidenced by a signature on the checklist as maintained in the corresponding file.

Anticipated Completion Date: December 31, 2016

***FINDING 2015-004- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities,

allowable costs, and reporting. Reimbursement reports will be prepared by someone other than the person performing the review and approval functions. The person performing the review and approval of the reports will possess a sufficient knowledge of grant requirements. Evidence of review and approval will be documented by initialing or signing the report.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-005- PROCURMENT, SUSPENSION, AND DEBARMENT***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure all documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment. All quotes will be scanned and stored electronically for future reference. Someone knowledgeable of the grant requirement threshold for obtaining quotes will oversee the process.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-006- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities, allowable costs, cash management, and period of performance. Reimbursement requests are being prepared by someone other than the person performing the review and approval functions. The reimbursement requests are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement requests. Both persons preparing the reimbursement requests and performing the review and approval of them possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the reimbursement requests.

Anticipated Completion Date: January 1, 2016

***FINDING 2015-007- REPORTING***



Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required reports related to the SAFER grant. Reports are being prepared by someone other than the person performing the review and approval functions. The reports are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement reports. Both persons completing the reports and performing the review and approval of the reports possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the report.

Anticipated Completion Date: January 1, 2016

COMMUNITY DEVELOPMENT  
CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Thomas J. Broderick, Jr., Mayor; Douglas A. Whitham, Controller; Michelle Davis, Deputy Controller; C. Gregory Graham, President of the Common Council; and Jack Kessling, Board of Public Works member.

CITY OF ANDERSON TRANSIT SYSTEM (CATS)  
CITY OF ANDERSON

CITY OF ANDERSON TRANSIT SYSTEM (CATS)  
CITY OF ANDERSON  
FEDERAL FINDINGS

***FINDING 2015-004 - ACTIVITIES ALLOWED OR UNALLOWED,  
ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Federal Agency: Department of Transportation

Federal Program: Federal Transit - Formula Grants

CFDA Number: 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-90-X664-00, IN-90-X675-00,  
IN-95-X050-00

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Cost/Cost Principles, and Reporting.

*Activities Allowed or Unallowed and Allowable Cost/Cost Principles*

The City's Transit System department prepared reimbursement requests from information obtained from the City's financial accounting system. There was no evidence of a control, such as an oversight, review, or approval process, to ensure that only activities allowable and allowable costs were included on the requests.

*Reporting*

The City's Transit System department submitted quarterly Narrative reports to the Department of Transportation during 2015. No evidence of a control, such as an oversight, review, or approval process, to ensure the accuracy of the reports was identified.

*Context*

The lack of controls was a systemic problem during the period audited and affected all of the compliance requirements listed above.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting compliance requirements.

CITY OF ANDERSON TRANSIT SYSTEM (CATS)  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

***FINDING 2015-005 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: Department of Transportation

Federal Program: Federal Transit - Formula Grants

CFDA Number: 20.507

Federal Award Number and Year (or Other Identifying Number): IN-90-X675-00

*Condition*

Management of the City had not established an effective internal control system related to its grant agreements and the Procurement and Suspension and Debarment compliance requirement. The failure to establish an effective internal control system resulted in the City being in noncompliance with Procurement and Suspension and Debarment compliance requirement.

The City obtained price quotations as required; however, documentation was not presented for audit to substantiate this for one of the purchases that was tested.

The City reviewed the System for Award Management (SAM) site to ensure that vendors used were not suspended or debarred from receiving federal monies. However, no evidence of a control, such as an oversight, review, or approval process, to ensure this requirement was met was identified.

*Context*

The lack of controls was a systemic problem during the period. Documentation was not provided for audit to show evidence that price quotations were obtained for one of forty purchases tested.

CITY OF ANDERSON TRANSIT SYSTEM (CATS)  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

*Criteria*

2 CFR 200.508 states in part:

"The auditee must:

(d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed an effective system of internal controls that would have ensured compliance with requirements and maintenance of records.

*Effect*

The failure to establish an effective internal control system could have resulted in the City's non-compliance with the grant agreement and the compliance requirement. The failure to establish effective internal controls also resulted in records not being properly retained for audit. The failure to maintain documentation prevented the ability to verify compliance relating to one purchase.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls related to the grant agreement and compliance requirement to ensure compliance with Procurement and Suspension and Debarment compliance requirement and proper retention of records.

*Views of Responsible Officials*

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



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Mayor Thomas J. Broderick Jr.

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## CORRECTIVE ACTION PLAN

### ***FINDING 2015-001- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, has put in place a system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2016 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2016

### ***FINDING 2015-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, will put in place a system of internal control designed to ensure proper documentation of the review and approval of payroll transactions and time cards. The system will be designed to show evidence of review by initials and or by archiving email correspondence denoting approval.

Anticipated Completion Date: On or before June 30, 2017

The City, through the Controller's Office, has put in place a system of internal control designed to ensure the proper recording of all payroll disbursements. Payroll disbursement postings are reviewed monthly by someone independent of the payroll preparation process under the supervision of the Controller.

Anticipated Completion Date: On or before June 30, 2016

The City, through the Controller's Office, has put in place a system of internal control designed to ensure proper documentation of the review and approval of bank reconciliations. The system is designed to show evidence of review by electronic signature denoting approval. The Controller or Deputy Controller reviews and signs all bank reconciliations as performed by another person.

Anticipated Completion Date: On or before June 30, 2016

***FINDING 2015-003- REPORTING AND SPECIAL TESTS AND PROVISIONS***

Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist  
Contact Phone Number: 765-648-6116

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Economic Development Department, has put in place a system of internal control designed to ensure evidence of the proper review and approval of required reports. Reports will be prepared by the Economic Development Specialist and reviewed and approved by the Revolving Loan Fund Board as evidenced by a notation in the official meeting minutes and the signature on the report by the Revolving Loan Fund Board president.

A proper system of internal control has been established to ensure compliance with special tests and provisions, particularly in the area of minimum loan documentation standards by use of a checklist by the Economic Development Specialist in putting together loan files. A secondary review will be performed by the Revolving Loan Fund Board attorney to ensure all required documents are included in the loan file and recorded if necessary as evidenced by a signature on the checklist as maintained in the corresponding file.

Anticipated Completion Date: December 31, 2016

***FINDING 2015-004- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities,



allowable costs, and reporting. Reimbursement reports will be prepared by someone other than the person performing the review and approval functions. The person performing the review and approval of the reports will possess a sufficient knowledge of grant requirements. Evidence of review and approval will be documented by initialing or signing the report.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-005- PROCURMENT, SUSPENSION, AND DEBARMENT***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure all documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment. All quotes will be scanned and stored electronically for future reference. Someone knowledgeable of the grant requirement threshold for obtaining quotes will oversee the process.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-006- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities, allowable costs, cash management, and period of performance. Reimbursement requests are being prepared by someone other than the person performing the review and approval functions. The reimbursement requests are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement requests. Both persons preparing the reimbursement requests and performing the review and approval of them possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the reimbursement requests.

Anticipated Completion Date: January 1, 2016

***FINDING 2015-007- REPORTING***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required reports related to the SAFER grant. Reports are being prepared by someone other than the person performing the review and approval functions. The reports are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement reports. Both persons completing the reports and performing the review and approval of the reports possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the report.

Anticipated Completion Date: January 1, 2016

CITY OF ANDERSON TRANSIT SYSTEM (CATS)  
CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Thomas J. Broderick, Jr., Mayor; Douglas A. Whitham, Controller; Michelle Davis, Deputy Controller; C. Gregory Graham, President of the Common Council; and Jack Kessling, Board of Public Works member.

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FIRE DEPARTMENT  
CITY OF ANDERSON

FIRE DEPARTMENT  
CITY OF ANDERSON  
FEDERAL FINDINGS

***FINDING 2015-006 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE***

Federal Agency: Department of Homeland Security  
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)  
CFDA Number: 97.083  
Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance.

The City had not established a proper segregation of duties to ensure compliance for the compliance requirements outlined above. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure that amounts requested to be reimbursed were for allowable activities or allowable costs, were paid prior to requesting reimbursement, or were incurred within the period of performance.

*Context*

The lack of controls was a systemic problem during the period audited.

*Criteria*

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. . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance compliance requirements.

*Effect*

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

FIRE DEPARTMENT  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

***FINDING 2015-007 - REPORTING***

Federal Agency: Department of Homeland Security

Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)

CFDA Number: 97.083

Federal Award Number and Year (or Other Identifying Number): EMW-2013-FH-00810

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

*Condition*

Management of the City had not established an effective internal control system related to its grant agreements and the Reporting compliance requirement. One individual was responsible for preparing and submitting the reimbursement requests. There was no control procedure in place to ensure the accuracy of the requests prior to submission.

The City submitted eleven reimbursement requests during 2015. Of the requests submitted, six did not agree with the underlying supporting documentation presented for audit. Additionally, five of the requests contained multiple discrepancies as compared to the supporting documentation provided for audit.

*Context*

The lack of controls and noncompliance was a systemic problem during the period audited.

*Criteria*

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. . . ."

44 CFR 13.20(b)(1) states: "*Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

FIRE DEPARTMENT  
CITY OF ANDERSON  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

*Effect*

The failure to establish an effective internal control system resulted in the City's noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above to ensure compliance with the Reporting compliance requirement.

*Views of Responsible Officials*

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





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Mayor Thomas J. Broderick Jr.

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## CORRECTIVE ACTION PLAN

### ***FINDING 2015-001- PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, has put in place a system of internal control to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The system is effective for the 2016 reporting period and includes: communicating with departments to better ensure pertinent grant information is captured for reporting to ensure completeness; and, the segregation of duties over the preparation and review of the SEFA to ensure completeness and accuracy.

Anticipated Completion Date: December 31, 2016

### ***FINDING 2015-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS***

Contact Person Responsible for Corrective Action: Douglas A. Whitham, City Controller  
Contact Phone Number: 765-648-6034

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Controller's Office, will put in place a system of internal control designed to ensure proper documentation of the review and approval of payroll transactions and time cards. The system will be designed to show evidence of review by initials and or by archiving email correspondence denoting approval.

Anticipated Completion Date: On or before June 30, 2017

The City, through the Controller's Office, has put in place a system of internal control designed to ensure the proper recording of all payroll disbursements. Payroll disbursement postings are reviewed monthly by someone independent of the payroll preparation process under the supervision of the Controller.

Anticipated Completion Date: On or before June 30, 2016

The City, through the Controller's Office, has put in place a system of internal control designed to ensure proper documentation of the review and approval of bank reconciliations. The system is designed to show evidence of review by electronic signature denoting approval. The Controller or Deputy Controller reviews and signs all bank reconciliations as performed by another person.

Anticipated Completion Date: On or before June 30, 2016

***FINDING 2015-003- REPORTING AND SPECIAL TESTS AND PROVISIONS***

Contact Person Responsible for Corrective Action: Karen Soetenga, Economic Development Specialist  
Contact Phone Number: 765-648-6116

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Economic Development Department, has put in place a system of internal control designed to ensure evidence of the proper review and approval of required reports. Reports will be prepared by the Economic Development Specialist and reviewed and approved by the Revolving Loan Fund Board as evidenced by a notation in the official meeting minutes and the signature on the report by the Revolving Loan Fund Board president.

A proper system of internal control has been established to ensure compliance with special tests and provisions, particularly in the area of minimum loan documentation standards by use of a checklist by the Economic Development Specialist in putting together loan files. A secondary review will be performed by the Revolving Loan Fund Board attorney to ensure all required documents are included in the loan file and recorded if necessary as evidenced by a signature on the checklist as maintained in the corresponding file.

Anticipated Completion Date: December 31, 2016

***FINDING 2015-004- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities,

allowable costs, and reporting. Reimbursement reports will be prepared by someone other than the person performing the review and approval functions. The person performing the review and approval of the reports will possess a sufficient knowledge of grant requirements. Evidence of review and approval will be documented by initialing or signing the report.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-005- PROCURMENT, SUSPENSION, AND DEBARMENT***

Contact Person Responsible for Corrective Action: Lori Sylvester, Long Range Planner  
Contact Phone Number: 765-648-6171

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Transportation Department, will put in place a system of internal control designed to ensure all documentation is sufficiently maintained to comply with grant requirements pertaining to procurement, suspension, and debarment. All quotes will be scanned and stored electronically for future reference. Someone knowledgeable of the grant requirement threshold for obtaining quotes will oversee the process.

Anticipated Completion Date: March 1, 2017

***FINDING 2015-006- ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, AND PERIOD OF PERFORMANCE***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required transactions for allowable activities, allowable costs, cash management, and period of performance. Reimbursement requests are being prepared by someone other than the person performing the review and approval functions. The reimbursement requests are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement requests. Both persons preparing the reimbursement requests and performing the review and approval of them possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the reimbursement requests.

Anticipated Completion Date: January 1, 2016

***FINDING 2015-007- REPORTING***

Contact Person Responsible for Corrective Action: David Cravens, Fire Chief  
Contact Phone Number: 765-648-6622

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

The City, through the Fire Department, has established a system of internal control designed to ensure evidence of the proper review and approval of required reports related to the SAFER grant. Reports are being prepared by someone other than the person performing the review and approval functions. The reports are prepared by an Assistant Deputy Fire Chief. The Fire Chief reviews and approves the reimbursement reports. Both persons completing the reports and performing the review and approval of the reports possess a sufficient knowledge of grant requirements. Evidence of review and approval is documented by initialing or signing the report.

Anticipated Completion Date: January 1, 2016

FIRE DEPARTMENT  
CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Thomas J. Broderick, Jr., Mayor; Douglas A. Whitham, Controller; Michelle Davis, Deputy Controller; C. Gregory Graham, President of the Common Council; and Jack Kessling, Board of Public Works member.

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CITY COUNCIL  
CITY OF ANDERSON

CITY COUNCIL  
CITY OF ANDERSON  
AUDIT RESULT AND COMMENT

***PAID LUNCHES NOT ADDRESSED IN POLICIES***

Employees in the Street Department were paid overtime for working through their lunch period. Employees in this department were scheduled to be at work for a total of eight hours each day, which included a lunch period. Both the City personnel policy and the Union labor contracts indicated that employees were entitled to a one hour lunch period, but neither the policy nor the contracts stated whether the lunch period was to be paid. The practice of the City has been to pay employees for the lunch period. Some employees worked through the lunch period and were paid for nine hours on those days instead of the scheduled eight hours. The personnel policy did not address this issue. The Union labor contracts did not specifically address the issue of being paid overtime for working through the lunch period, but some of the contracts did include a clause prohibiting employees from "pyramiding" their time so as not be paid for the same hour twice.

Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing body would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



CITY COUNCIL  
CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Thomas J. Broderick, Jr., Mayor; Douglas A. Whitham, Controller; Michelle Davis, Deputy Controller; C. Gregory Graham, President of the Common Council; and Jack Kessling, Board of Public Works member.

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BOARD OF PUBLIC WORKS  
CITY OF ANDERSON

BOARD OF PUBLIC WORKS  
CITY OF ANDERSON  
AUDIT RESULT AND COMMENT

***PAID LUNCHES NOT ADDRESSED IN POLICIES***

Employees in the Street Department were paid overtime for working through their lunch period. Employees in this department were scheduled to be at work for a total of eight hours each day, which included a lunch period. Both the City personnel policy and the Union labor contracts indicated that employees were entitled to a one hour lunch period, but neither the policy nor the contracts stated whether the lunch period was to be paid. The practice of the City has been to pay employees for the lunch period. Some employees worked through the lunch period and were paid for nine hours on those days instead of the scheduled eight hours. The personnel policy did not address this issue. The Union labor contracts did not specifically address the issue of being paid overtime for working through the lunch period, but some of the contracts did include a clause prohibiting employees from "pyramiding" their time so as not be paid for the same hour twice.

Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing body would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

BOARD OF PUBLIC WORKS  
CITY OF ANDERSON  
EXIT CONFERENCE

The contents of this report were discussed on March 15, 2017, with Thomas J. Broderick, Jr., Mayor; Douglas A. Whitham, Controller; Michelle Davis, Deputy Controller; C. Gregory Graham, President of the Common Council; and Jack Kessling, Board of Public Works member.