

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MONROE FIRE PROTECTION DISTRICT

MONROE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

09/11/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	C. Edward Brown	01-01-22 to 12-31-23
President of the District Board	Vicky Sorensen	01-01-22 to 12-31-23
Fire Chief	Dustin C. Dillard	01-01-22 to 12-31-23



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE MONROE FIRE PROTECTION DISTRICT, MONROE COUNTY, INDIANA

We have audited, in accordance with 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, the financial statement of the Monroe Fire Protection District (District), for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise the District's financial statement and have issued our report thereon dated August 23, 2023, wherein we noted the District followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free of 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 determination of financial statement amounts. 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*.

Monroe Fire Protection District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement, 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 23, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE MONROE FIRE PROTECTION DISTRICT, MONROE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinion on Staffing for Adequate Fire and Emergency Response

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Staffing for Adequate Fire and Emergency Response (SAFER) for the year ended December 31, 2022.

Basis for Qualified Opinion

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*); and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District 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 program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Staffing for Adequate Fire and Emergency Response (SAFER)

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding 97.083 Staffing for Adequate Fire and Emergency Response (SAFER), as described in item 2022-004 for Reporting. Compliance with such requirement is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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 District's federal programs.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Auditor's 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 District'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*, and the Uniform Guidance 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 District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 District'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 District'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, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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 program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003 and 2022-004, to be material weaknesses.

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.

Government Auditing Standards require the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statement of the District, as of and for the year ended December 31, 2022, and the related notes to the financial statement. We issued our report thereon dated August 23, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 23, 2023

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the District. The schedule and notes are presented as intended by the District.

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MONROE FIRE PROTECTION DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA RPA COVID19	Indiana Department of Homeland Security	97.036	105-U14CT-00	\$ -	\$ 40,890
Assistance to Firefighters Grant 8912 AFG W&F 97.044	Direct Grant	97.044	EMW-2020-FG-16373	-	30,142
Staffing for Adequate Fire and Emergency Response (SAFER) 2017 SAFER	Direct Grant	97.083	EMW-2017-FH-00374	-	142,094
2019 SAFER			EMW-2019-FF-01116	-	1,331,835
Total - Staffing for Adequate Fire and Emergency Response (SAFER)				-	1,473,929
Total - Department of Homeland Security				-	1,544,961
Total federal awards expended				\$ -	\$ 1,544,961

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

MONROE FIRE PROTECTION DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the District under programs of the federal government for the year ended December 31, 2022. The information in the SEFA 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). Because the SEFA presents only a select portion of the operations of the District, it is not intended to and does not present the financial position of the District.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)	Qualified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2022-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

A proper system of internal controls, which would include appropriate segregation of duties, should be designed and implemented at various levels to effectively prevent, or detect and correct, errors. Deficiencies in the internal control system related to financial close and reporting and disbursements were identified.

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Financial Close and Reporting

The District established, but did not adequately document, internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the District's Annual Financial Report.

The District's outside accounting service entered the financial information into Gateway, and the information was then reviewed and submitted by the District's Fiscal Officer; however, the District did not have any documented evidence of the review process, as described having occurred.

Disbursements - Payroll

The District established, but did not adequately document, internal controls over payroll.

Payroll vouchers were prepared by the Human Resources Administrative Assistant and the Financial Coordinator, and reviewed and approved by the Fire Chief; however, the District did not have any documented evidence of the review process, as described having occurred.

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. . . ."

Cause

A system of internal controls was not designed or implemented by management of the District, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the District's management expectation of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance, and, therefore, material misstatements of financial close and reporting and disbursements could have occurred and remained undetected.

Views of Responsible Officials

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

FINDING 2022-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Finding: Material Weakness

Condition and Context

The District had not established internal controls over the federal award information entered in the Indiana Gateway for Government Units financial reporting system, which was the source of the District's Schedule of Expenditures of Federal Awards (SEFA). One employee prepared and entered the grant information without evidence of an oversight or review process in place to prevent, or detect and correct, errors on 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. . . ."

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed by management of the District, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the District's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance, and, therefore, material misstatements of the SEFA could have occurred and remained undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2022-003

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - 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)

Assistance Listings Number: 97.083

Federal Award Numbers and Years (or Other Identifying Numbers): EMW-2017-FH-00374,
EMW-2019-FF-01116

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Cash Management, Period of Performance

Audit Finding: Material Weakness

Condition and Context

The District had designed, but did not adequately document implementation of a system of internal controls that would likely be effective in preventing, or detecting and correcting, material noncompliance. The District incurred and paid for payroll and other related expenses, and then requested reimbursement from the federal agency for these costs. Costs requested for reimbursement from the federal agency are to be allowable per the grant, adequately supported, paid prior to reimbursement, and paid within the period of performance.

The District submitted seven reimbursement requests during the audit period. The Financial Coordinator compiled the payroll and benefit amounts to be submitted for reimbursement and provided it to the Fire Chief. The reimbursement request was then filed by the Fire Chief without evidence of an oversight or review process in place to prevent, or detect and correct, errors to ensure the payroll was an allowable activity, allowable cost, paid prior to reimbursement, and within the period of performance.

The lack of internal controls was a systemic issue throughout the audit period.

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

The system of internal controls, as documented by management of the District, could not be verified as being implemented. While the District had a written policy outlining the procedures to ensure the activity was allowable per the grant, adequately supported, paid prior to reimbursement, and paid within the period of performance documentation of the implementation of the procedures as intended was not maintained. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect management's statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the District design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place.

Views of Responsible Officials

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

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2022-004

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - Reporting
Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
Assistance Listings Number: 97.083
Federal Award Numbers and Years (or Other Identifying Numbers): EMW-2017-FH-00374,
EMW-2019-FF-01116

Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Recipients are required to submit Reimbursement Requests, Quarterly Performance Reports, and Semi-Annual SF-425 Federal Financial Reports to the Federal Emergency Management Agency (FEMA). The reporting periods, as well as the respective due dates, are based on the calendar year, and recipients must begin to submit reports in the period following the beginning of their period of performance, and throughout the entire period of performance of the grant. Information to be reported includes expenditures for the appropriate reporting period.

Reimbursement Requests

The District submitted seven Reimbursement Requests during the audit period. The Financial Coordinator prepared a sheet with the payroll and benefit amounts to be submitted for reimbursement and provided it to the Fire Chief. The Reimbursement Requests were filed by the Fire Chief without a review or oversight process in place to prevent, or detect and correct, errors.

*Quarterly and Programmatic Performance Reports and
Semi-Annual SF-425 Federal Financial Reports*

EMW-2017-FH-00374 (2017 grant)

The District had not implemented or designed a system of internal controls to ensure submission of the Quarterly Performance Reports (quarterly reports) or the Semi-Annual SF-425 Federal Financial Reports. During the audit period, the District was required to submit three quarterly reports and two semi-annual reports. The submission dates for the three quarterly reports could not be determined. Additionally, the District did not submit the Semi-Annual SF-425 Federal Financial Reports that were due by January 30, 2022, and July 30, 2022, in a timely manner. The two reports due were submitted 18 and 19 days late, respectively.

EMW-2019-FF-01116 (2019 grant)

The District had not implemented or designed a system of internal controls to ensure submission of the Programmatic Performance Report (PPR) or the Semi-Annual SF-425 Federal Financial Report (semi-annual report). During the audit period, the District was required to submit one PPR and two semi-annual reports. The submission date for the PPR, that was due April 30, 2022, could not be determined. In addition, the District did not submit the semi-annual reports that were due by January 30, 2022, and July 30, 2022, in a timely manner. The two reports were submitted 30 and 13 days late, respectively.

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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). . . ."

2 CFR 200.329(c)(1) states in part:

"The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Reports submitted annually by the non-Federal entity and/or pass-through entity must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. . . ."

Cause

A system of internal controls was not designed or implemented by management of the District, which would include segregation of key functions. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect management's statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

Effect

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the seven Quarterly Performance Reports and the four Semi-Annual SF-425 Federal Financial Reports due during the audit period were either not submitted or not submitted timely.

Noncompliance with the grant agreement and the Reporting compliance requirement could result in the loss of future federal funds to the District.

Questioned Costs

There were no questioned costs.

MONROE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that management of the District design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure appropriate reviews, approvals, and oversight are taking place over reimbursement requisitions. In addition, we recommended that management of the District establish a proper system of internal controls and develop policies and procedures to ensure that all required reports are filed and filed timely.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the District. The document is presented as intended by the District.



Monroe Fire Protection District



CORRECTIVE ACTION PLAN

FINDING 2022-001

Subject: Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Dustin Dillard

Contact Phone Number: 812-331-1906

Views of Responsible Official: We understand and agree with the importance of internal controls and segregation of duties at the District and we believe our policies, procedures, individual job descriptions and management oversight fulfill these necessary requirements. We have already implemented suggestions made by the auditing staff in the early phases of the audit process.

Description of Corrective Action Plan:

Financial Close & Reporting

When the District's Fiscal Officer reviews and submits the Annual Financial Report in Gateway (Indiana's digital data collection platform) using a unique passcode and Limited Delegation Authority, they will attest to the review and submission of the report on record at the March meeting of the Board of Trustees when the submitted Annual Financial Report is made available to the full Board at that time.

Disbursements – Payroll

The District's Fire Chief reviews payroll prior to submission for disbursements and now signs and dates a cover sheet attesting to their review of the documents before the HR Administrative Assistant forwards the payroll request to the accountant for distribution. The cover sheet will serve as documented evidence of the review and oversight.

Anticipated Completion Date: AFR procedure will be fully implemented with the 2024 submission. Payroll cover sheet has been utilized since June 27, 2023 shortly after the verbal suggestion of the auditor.

More information about this finding is available in the Supplemental Report.



Monroe Fire Protection District



CORRECTIVE ACTION PLAN

FINDING 2022-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Dustin Dillard
Contact Phone Number: 812-331-1906

Views of Responsible Official: We understand and agree with the importance of internal controls and segregation of duties at the District and we believe our policies, procedures, individual job descriptions and management oversight fulfill these necessary requirements. We will implement the suggestions made by the auditing staff.

Description of Corrective Action Plan:

The District's SEFA information is maintained in the Administrative Office and in the online FEMA portal. The requested information is prepared and entered by the Financial Administrative Assistant into Gateway's Annual Financial Report based on documentation of awards and records of revenue received each calendar year. The information entered is then reviewed by the District's Accountant and reconciled against the Financial Statements. Entries are then reviewed by the District's Fiscal Officer prior to submitting the AFR in Gateway. The District will request documented evidence of the reconciliation by the accountant before releasing the full report to the Fiscal Officer.

Anticipated Completion Date: Will be implemented for the 2024 submission of the SEFA.

More information about this finding is available in the Supplemental Report.



Monroe Fire Protection District



CORRECTIVE ACTION PLAN

FINDING 2022-003

Subject: Staffing for Adequate Fire and Emergency Response (SAFER)

Contact Person Responsible for Corrective Action: Dustin Dillard
Contact Phone Number: 812-331-1906

Views of Responsible Official: We understand and agree with the importance of internal controls and segregation of duties at the District and we believe our policies, procedures, individual job descriptions and management oversight fulfill these necessary requirements, we intend to comply with the suggestions made by the auditing staff.

Description of Corrective Action Plan:

The SAFER Reimbursement Request spreadsheets are prepared by two administrative personnel who perform checks and balances on calculations, payroll reports, time-keeping reports and employee roster changes before submitting the information to the Fire Chief for review and submission. The District now requires both Administrative personnel to sign and date a cover sheet upon completion of the compilation. The Financial Administrative Assistant will reconcile the data entered into the FEMA portal by the Chief by initialing a printed copy of the dated request.

Anticipated Completion Date: To be implemented with all future reimbursement requests following this date 8-23-23

More information about this finding is available in the Supplemental Report.



Monroe Fire Protection District



CORRECTIVE ACTION PLAN

FINDING 2022-004

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - Reporting

Contact Person Responsible for Corrective Action: Dustin Dillard
Contact Phone Number: 812-331-1906

Views of Responsible Official: We agree with this finding and will make necessary changes.

Description of Corrective Action Plan:

The District has contacted our FEMA representative for guidance on how to complete the Programmatic Performance Reports which currently are past due. We were informed it was not on her priority list and it would be a while before she could help. This has often been an issue in submitting these reports. We have contacted a second representative who was slightly more helpful, but suggested we contact the next level of management for assistance. We hope to hear back from a Mr. Jones in the next week or two regarding our request. Once we have submitted all delinquent reports, we will create calendar reminders to check the portal for all grants monthly to ensure there are no missing or delinquent reports.

Anticipated Completion Date: 12-31-2023

More information about this finding is available in the Supplemental Report.

OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.