

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

TOWN OF FRANKTON

MADISON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

08/20/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jerry Ehman Tim Detrick	01-02-23 to 12-31-23 01-01-24 to 12-31-24
President of the Town Council	Larry Shively Victoria Hart	01-01-23 to 12-31-23 01-01-24 to 12-31-24



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 TOWN OF FRANKTON, MADISON 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 Town of Frankton (Town), for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the Town's financial statement and have issued our report thereon dated July 18, 2024, wherein we noted the Town 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 Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 2023-001 and 2023-002, 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 Town'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

Town of Frankton's Response to Findings

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



Beth Kelley, CPA, CFE
Deputy State Examiner

July 18, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 TOWN OF FRANKTON, MADISON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Town of Frankton's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023. The Town's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Water and Waste Disposal Systems for Rural Communities and COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinions* section of our report, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Water and Waste Disposal Systems for Rural Communities and COVID-19 - Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

Basis for Qualified Opinions

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 Town 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 Town's compliance with the compliance requirements referred to above.

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

Matters Giving Rise to Qualified Opinion on Water and Waste Disposal Systems for Rural Communities

As described in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding 10.760 Water and Waste Disposal Systems for Rural Communities, as described in items 2023-003 for Procurement and Suspension and Debarment and 2023-004 for Equipment and Real Property Management. Compliance with such requirement is necessary, in our opinion, for the Town to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding 21.027 COVID-19 - Coronavirus State and Local Fiscal Recovery Funds, as described in item 2023-005 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the Town 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 Town's federal programs.

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 Town'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 Town'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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

- Obtain an understanding of the Town'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 Town'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 Town's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town'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.

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 2023-003, 2023-004, 2023-005, and 2023-006, 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 Town's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Town'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.

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

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 Town, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated July 18, 2024, 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 a qualified 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

July 18, 2024

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 Town. The schedule and notes are presented as intended by the Town.

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TOWN OF FRANKTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

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 Agriculture</u>					
Water and Waste Disposal Systems for Rural Communities	Direct Grant	10.760			
Sewage project			FY 2023	\$ -	\$ 5,722,950
Water Project			FY 2023	-	926,281
Total - Water and Waste Disposal Systems for Rural Communities				-	6,649,231
Total - Department of Agriculture				-	6,649,231
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		21.027			
ARP	Direct Grant		CY 2021	-	278,531
Stormwater Project	Indiana Finance Authority		TRSW221148	-	1,428,334
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				-	1,706,865
Total - Department of the Treasury				-	1,706,865
Total federal awards expended				\$ -	\$ 8,356,096

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

TOWN OF FRANKTON
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 Town under programs of the federal government for the year ended December 31, 2023. 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 Town, it is not intended to and does not present the financial position of the Town.

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

TOWN OF FRANKTON
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?	yes

Federal Awards:

Internal control over major programs:	
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 Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
10.760	Water and Waste Disposal Systems for Rural Communities	Qualified
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Qualified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition and Context

There were deficiencies in the internal control system of the Town related to financial transactions and reporting. The Town had not properly designed or implemented internal controls over cash and investments and financial close and reporting to ensure the accuracy and completeness of the ledgers and the financial statement.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Furthermore, the Town had not conducted an evaluation of its system of internal controls. Effective internal controls over financial reporting requires the Town to monitor and assess the quality of its system of internal controls. Lastly, the Town did not have a process to identify or communicate corrective actions to improve internal controls.

Cash and Investments (Bank Reconciliations)

Monthly bank reconcilements were completed by the Clerk-Treasurer without an oversight or review process in place to prevent, or detect and correct, errors.

Due to the lack of internal controls the following issues were noted:

- Bank accounts associated with the WATER - BAN CONSTRUCTION and SEWAGE - BAN Construction funds were not included in the monthly reconcilements.
- There was an unidentified variance between the Town's records and the bank statements of \$17,811.

Financial Close and Reporting

The Town is required to file financial reports after the close of each calendar year. The reports are to be filed electronically as prescribed.

The Town filed its reports as prescribed; however, the Town had not established internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's Annual Financial Report (AFR). The financial information was entered into Gateway and submitted by the Clerk-Treasurer without an oversight or review process in place to prevent, or detect and correct, errors on the financial statement.

Due to the lack of internal controls, the AFR presented for audit was inaccurate and not reflective of the financial activity of the Town's underlying records. The AFR presented for audit included the following errors:

- The SRF fund receipts and disbursements were each understated by \$2,962,123.
- The General fund beginning cash and investment balance was overstated by \$20,000.
- The Motor Vehicle Highway fund beginning cash and investment balance was overstated by \$20,000.
- The Rainy Day fund beginning cash and investment balance was overstated by \$7,000.
- The Electric Utility Meter Deposit fund beginning cash and investment balance was overstated by \$42,000.
- The Water Utility Meter Deposit fund beginning cash and investment balance was overstated by \$18,000.
- The Water Utility Operating fund disbursements were overstated by \$29,024.
- The Storm Water Utility Operating fund receipts and disbursements were each understated by \$394,944.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Adjustments were proposed, accepted by the Town, and made to the financial statement and Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the Town.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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. . . ."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Cause

Management of the Town had not established a proper system of internal controls over cash and investments and financial transactions and reporting that would have ensured proper reporting of the financial statement. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. The Clerk-Treasurer was new to the position as of January 1, 2024. Prior bank reconciliations and activity for the year-ended December 31, 2023, were prepared and recorded by a former Clerk-Treasurer. There was an unexplained variance in monthly bank reconciliations going back to May 2023. The former Clerk-Treasurer was not knowledgeable on how the SRF fund should have been recorded in the financial statements. Additionally, the former Clerk-Treasurer was not familiar with how to prepare a SEFA as the Town had not been audited federally during his term in office.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of financial transactions and reporting occurred and remained undetected. The financial statement included the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

FINDING 2023-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The Town is required to file financial reports after the close of each calendar year. The reports are to be filed electronically as prescribed.

The Town filed its reports as prescribed; however, the Town had not established internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's Schedule of Expenditures of Federal Awards (SEFA). The federal grant award information was entered into Gateway and submitted by the Clerk-Treasurer without an oversight or review process in place to prevent, or detect and correct, errors on the SEFA.

Due to the lack of internal controls, the SEFA presented for audit was inaccurate and not reflective of the federal activity of the Town's underlying records. The SEFA presented for audit included the following errors:

- The Water and Waste Disposal Systems for Rural Communities expenditures were understated by \$926,281 for the Town's water project.
- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds expenditures were understated by \$1,428,334 for the Town's stormwater project.
- Other errors included incorrect program names, Assistance Listings Numbers, pass-through entities, and identifying numbers.

Audit adjustments were proposed, accepted by the Town, and made to the SEFA presented in this report.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

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. . . ."

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. 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 Assistance Listings Number or other identifying number when the Assistance Listings 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(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.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) Include notes that describe that 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."

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. . . ."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

Cause

Management of the Town had not established a system of internal controls that would have ensured proper reporting of the SEFA. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. The Clerk-Treasurer was new to the position as of January 1, 2024. Prior bank reconciliations and activity for the year-ended December 31, 2023, were prepared and recorded by the former Clerk-Treasurer. There was an unexplained variance in monthly bank reconciliations going back to May 2023. The former Clerk-Treasurer was not knowledgeable on how the SRF fund should have been recorded in the financial statements. Additionally, the former Clerk-Treasurer was not familiar with how to prepare a SEFA as the Town had not been audited federally during his term in office.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-003

Subject: Water and Waste Disposal Systems for Rural Communities -
Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Program: Water and Waste Disposal Systems for Rural Communities
Assistance Listings Number: 10.760
Federal Award Number and Year (or Other Identifying Number): FY 2023
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Procurement - Policy

The Town did not have an approved procurement policy that reflected applicable state laws and regulations including procedures to avoid acquisition of unnecessary or duplicative items and procedures to ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.

The Town is required to have and use documented procurement procedures, which are consistent with state, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a federal award or subaward.

Suspension and Debarment

Prior to entering into subawards and covered transactions with the Water and Waste Disposal Systems for Rural Communities award funds, recipients are required to verify that such contracts and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under procurement and nonprocurement transactions (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking SAM exclusions, collecting a certification from that person, or adding a clause or condition to the covered transaction with that person.

Upon inquiry of the Town to determine its policies and procedures related to suspension and debarment requirements, the Town stated that a suspension and debarment clause is included in contracts. Contracts are reviewed by the President of the Town Council. Four covered transactions, totaling \$20,152,969, were identified and tested. The Town could not provide documentation that procedures were performed to verify that three of the four vendors paid from the Water and Waste Disposal Systems for Rural Communities award funds with contracts over \$25,000 were not excluded or disqualified from participation in federal programs.

Additionally, the Town had two agreements subject to the Buy America Build America (BABA) provisions. The Town could not provide documentation that procedures were performed to ensure the Buy America domestic preference provisions were included in either agreement nor was a BABA waiver obtained.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The lack of internal controls and noncompliance were systematic issues throughout the audit period.

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 200.318(a) states:

"The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §§ 200.317 through 200.327."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

2 CFR 184.4 states in part:

"(a) Applicability of Buy America Preference to infrastructure projects. The Buy America Preference applies to Federal awards where funds are appropriated or otherwise made available for infrastructure projects in the United States, regardless of whether infrastructure is the primary purpose of the Federal award.

(b) Including the Buy America Preference in Federal awards. All Federal awards with infrastructure projects must include the Buy America Preference in the terms and conditions. The Buy America Preference must be included in all subawards, contracts, and purchase orders for the work performed, or products supplied under the Federal award. . . ."

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls was not designed by the management of the Town. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. The Clerk-Treasurer was new to the position as of January 1, 2024. The former Clerk-Treasurer was not knowledgeable on the compliance requirements of the federal award. The Town contracted with outside engineers to manage the compliance requirement, and there was no documentation that BABA provisions or a waiver was obtained for the contracts nor that they included a suspension or debarment clause. Lastly, a procurement policy nor documentation that vendors were not suspended or debarred was not provided for review.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded. In addition, the BABA provisions were not appropriately included in infrastructure projects.

Any program funds the Town used to pay vendors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them. Additionally, noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the Town establish documented procurement procedures consistent with state and local laws for the acquisition of property or services required under a federal award or subaward as outlined in the code of federal regulations. In addition, we recommended that the Town strengthen its system of internal controls to ensure that all vendors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into any covered transactions. Lastly, we recommended that the Town ensure all applicable contracts contain the required BABA provisions.

Views of Responsible Officials

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

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2023-004

Subject: Water and Waste Disposal Systems for Rural Communities -
Equipment and Real Property Management
Federal Agency: Department of Agriculture
Federal Program: Water and Waste Disposal Systems for Rural Communities
Assistance Listings Number: 10.760
Federal Award Number and Year (or Other Identifying Number): FY 2023
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The Town had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties, that would likely be effective in preventing, or detecting and correcting, noncompliance. A property record or capital asset listing, which would include the information listed below, is to be maintained for assets purchased that exceed the Town's capitalization threshold. In addition, a physical inventory of all capital assets should be completed at least every two years.

Capital Asset Listing Information

- A description of the property.
- A serial number or other identification number.
- The source of funding for the property (including the federal award identification number (FAIN)).
- Who holds title.
- The acquisition date.
- Cost of the property.
- Percentage of federal participation in the project costs for the federal award under which the property was acquired.
- The location.
- Use and condition of the property.

The Town purchased one asset, totaling \$477,750, which exceeded the Town's capitalization threshold. The asset was determined not to have been recorded in property records, nor was the asset on the inventory listing. Additionally, the Town did not complete a capital asset inventory every two years as required.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

TOWN OF FRANKTON
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 200.313(d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. . . ."

Cause

A proper system of internal controls was not designed by the management of the Town. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. The Clerk-Treasurer was new to the position as of January 1, 2024. The former Clerk-Treasurer was not knowledgeable on the compliance requirements of the federal award. The Town contracted with outside engineers to manage the compliance requirement, and there was no documentation that an inventory of capital assets had been completed. Additionally, the provided capital asset listing did not include the asset in question. Lastly, the capital asset listing included items that were under the capital asset threshold in the Town's Capital Asset Policy.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 such, a capital asset purchased with federal funds was not properly recorded in a capital asset ledger, and a physical inventory was not performed.

Noncompliance with the provisions of federal regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the Town design and implement a proper system of internal controls, including policies and procedures that would provide segregation of duties to ensure capital assets purchased with federal funds are included on a capital asset ledger and that a physical inventory is performed every two years.

Views of Responsible Officials

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

FINDING 2023-005

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Numbers and Years (or Other Identifying Numbers): CY 2021; TRSW221148
Pass-Through Agency: Indiana Finance Authority
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The Town elected to receive the standard revenue loss allowance, allowing the Town to claim its total direct State and Local Fiscal Recovery Funds (SLFRF) allocation of \$416,087 as revenue loss to use for government services. As such, all SLFRF program funds to date were expended under the revenue loss eligible use category. The U.S. Department of the Treasury (Treasury) determined that there are no subawards under this eligible use category, and that recipients' use of revenue loss funds would not give rise to subrecipient relationships as there is no federal program or purpose to carry out in the case of the revenue loss portion of the award. The Town also received \$1,428,334 in State Water Infrastructure Fund (SWIF) distributions which were funded with SLFRF dollars and were subject to the suspension and debarment requirements.

TOWN OF FRANKTON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

Prior to entering into subawards and covered transactions with SLFRF award funds, recipients are required to verify that such contracts and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under procurement and nonprocurement transactions (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is to be done by checking the Excluded Parties List System (EPLS), collecting a certification from that person or adding a clause or condition to the covered transaction with that person. Due to the Treasury's determination that the revenue loss eligible use category does not give rise to subawards, the Town was only required to comply with suspension and debarment requirements related to covered transactions for revenue replacement.

Upon inquiry of the Town to determine its policies and procedures related to suspension and debarment requirements, the Town stated that it did not have policies or procedures in place for verifying that an entity with which it plans to enter into a covered transaction is not suspended, debarred, or otherwise excluded or disqualified from participating in federal assistance programs or activities. Six covered transactions, totaling \$1,652,832, to three different vendors for goods or services that equaled or exceeded \$25,000 that were paid from SLFRF funds were identified. Each transaction was examined to determine whether the Town verified the suspension and debarment status prior to payment. The Town had not verified the vendor's suspension and debarment status for any of the six covered transactions prior to issuing payment.

Covered Transactions Tested	
Description	Amount
Stormwater drain installation (4 transactions, 1 vendor)	\$ 1,540,011
Police Cars (1 transaction, 1 vendor)	85,140
Equipment for police cars (1 transaction, 1 vendor)	27,681

Additionally, the Town had one agreement subject to the Buy America Build America (BABA) provisions. The Town could not provide documentation that procedures were performed to ensure the Buy America domestic preference provisions were included in either agreement nor was a BABA waiver obtained.

The lack of internal controls and noncompliance were systematic issues throughout the audit period.

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). . . ."

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

31 CFR 19.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person if allowed by this rule; or
- (c) Adding a clause or condition to the covered transaction with that person."

2 CFR 184.4 states in part:

"(a) Applicability of Buy America Preference to infrastructure projects. The Buy America Preference applies to Federal awards where funds are appropriated or otherwise made available for infrastructure projects in the United States, regardless of whether infrastructure is the primary purpose of the Federal award.

(b) Including the Buy America Preference in Federal awards. All Federal awards with infrastructure projects must include the Buy America Preference in the terms and conditions. The Buy America Preference must be included in all subawards, contracts, and purchase orders for the work performed, or products supplied under the Federal award. . . ."

Cause

A proper system of internal controls was not designed by the management of the Town. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. The Clerk-Treasurer was new to the position as of January 1, 2024. The former Clerk-Treasurer was not knowledgeable on the compliance requirements of the federal award. The Town contracted with outside engineers to manage the compliance requirement, and there was no documentation that BABA provisions or a waiver was obtained for the contracts nor that they included a suspension or debarment clause. Lastly, documentation that vendors were not suspended or debarred was not provided for review.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, vendors to whom payments equal to or in excess of \$25,000 were not verified to be not suspended, debarred, or otherwise excluded. In addition, the BABA provisions were not appropriately included in infrastructure projects.

Any program funds the Town used to pay vendors that have been suspended or debarred would be unallowable, and the funding agency could potentially recover them. Additionally, noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the Town.

Questioned Costs

There were no questioned costs identified.

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the Town strengthen its system of internal controls to ensure that all vendors that are paid \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs before entering into any covered transactions. In addition, we recommended that the Town ensure all applicable contracts contain the required BABA provisions.

Views of Responsible Officials

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

FINDING 2023-006

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Reporting
Federal Agency: Department of the Treasury
Federal Program: Coronavirus State and Local Fiscal Recovery
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): CY 2021
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition and Context

Recipients of State and Local Fiscal Recovery Funds (SLFRF) grants are required to submit quarterly or annually Project and Expenditure (P&E) reports to the U.S. Department of the Treasury (Treasury). The reporting periods, as well as the respective due dates, are based upon type of recipient and its population, as well as the recipient's allocation amount. Information to be reported includes projects funded, expenditures, and contracts for the appropriate reporting period.

The Town was classified as a Tier 5 auditee - a metropolitan city with a population below 250,000 residents which received less than \$10 million in SLFRF funding. Tier 5 auditees are required to submit an annual P&E report due in April of each year.

The Town was required to file an annual P&E report on April 30, 2023. The report was to cover the period of April 1, 2022 to March 31, 2023. The Town presented this report for audit; however, there were no documented internal controls in place over the Reporting compliance requirement.

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

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). . . ."

TOWN OF FRANKTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

A proper system of internal controls over the P&E reports was not designed by management of the Town. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. The Town had a systemic lack of internal controls which resulted in the lack of internal controls over the annual P&E report.

Effect

Without the proper implementation of an effectively designed system of internal controls, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. As a result, the Town did not complete a required report, and the Treasury does not have information on how the Town is spending its funding.

Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management design and implement a proper system of internal controls, including policies and procedures to ensure that the Town provides the Treasury with complete and accurate information for the P&E report.

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 Town. The document is presented as intended by the Town.

Town of Frankton
Office of the Clerk Treasurer
204 East Sigler Street, PO Box 286
Frankton, IN 46044

Unit Name: Town of Frankton

County: Madison

Report period beginning date:

Year: 2023

Month: 1

Day: 1

Report period ending date:

Year: 2023

Month: 12

Day: 31

Title of result and comment:: Frankton FINDING 2023-001

Contact person Responsible for Corrective Action:

First Name: Timothy

Last Name: Detrick

Contact's Phone Number:: (765) 754-7285

Contact's Email Address:: tdetrickct@gmail.com

Views of Responsible Official: We concur with the Finding.

Description of Corrective Action Plan:: After the Monthly Bank Rec we are going to start having one of the Clerks check over the Bank rec independently. If the clerk isn't available we will get an outside individual to check them over, and sign o on them.

Anticipated Completion Date:

Year: 2024

Month: 5

Day: 31

If applicable: Document reason issue will NOT be corrected within 6 months::

Unit Name: Town of Frankton

County: Madison

Report period beginning date:

Year: 2023

Month: 1

Day: 1

Report period ending date:

Year: 2023

Month: 12

Day: 31

Title of result and comment:: Frankton FINDING 2023-002

Contact person Responsible for Corrective Action:

First Name: Timothy

Last Name: Detrick

Contact's Phone Number:: (765) 754-7285

Contact's Email Address:: tdetrickct@gmail.com

Views of Responsible Official:: We concur with the finding.

Description of Corrective Action Plan:: We now have a binder for all projects that get their paperwork into. We also started a Ledger for any funds that don't pass through our account, to keep track of them and record them.

Anticipated Completion Date:

Year: 2024

Month: 5

Day: 15

If applicable: Document reason issue will NOT be corrected within 6 months::

Unit Name: Town of Frankton

County: Madison

Report period beginning date:

Year: 2023

Month: 1

Day: 1

Report period ending date:

Year: 2023

Month: 12

Day: 31

Title of result and comment:: Frankton FINDING 2023-003

Contact person Responsible for Corrective Action:

First Name: Timothy

Last Name: Detrick

Contact's Phone Number:: (765) 754-7285

Contact's Email Address:: tdetrickct@gmail.com

Views of Responsible Official:: We concur with the finding.

Description of Corrective Action Plan:: All contract we make will start going through, Checking SAM Exclusions; or Collecting a certification from that person; or Adding a clause or condition to the covered transaction with that person". We will also add a clause that any Federal Government Grant will buy America Preference Material.

Anticipated Completion Date:

Year: 2024

Month: 5

Day: 14

If applicable: Document reason issue will NOT be corrected within 6 months::

Unit Name: Town of Frankton

County: Madison

Report period beginning date:

Year: 2023

Month: 1

Day: 1

Report period ending date:

Year: 2023

Month: 12

Day: 31

Title of result and comment:: Frankton FINDING 2023-004

Contact person Responsible for Corrective Action:

First Name: Timothy

Last Name: Detrick

Contact's Phone Number:: (765) 754-7285

Contact's Email Address:: tdetrickct@gmail.com

Views of Responsible Official:: We concur with the finding.

Description of Corrective Action Plan:: We are making an Asset Ledger this year. And we will keep it updated every two years and add to it when we purchase a asset that exceeds \$5,000. I will also have our Town Administrator double check.

Anticipated Completion Date:

Year: 2024

Month: 7

Day: 1

If applicable: Document reason issue will NOT be corrected within 6 months::

Unit Name: Town of Frankton

County: Madison

Report period beginning date:

Year: 2023

Month: 1

Day: 1

Report period ending date:

Year: 2023

Month: 12

Day: 31

Title of result and comment:: Frankton FINDING 2023-005

Contact person Responsible for Corrective Action:

First Name: Timothy

Last Name: Detrick

Contact's Phone Number:: (765) 754-7285

Contact's Email Address:: tdetrickct@gmail.com

Views of Responsible Official:: We concur with the finding.

Description of Corrective Action Plan:: Same as before CAP - Any contract we establish we are goign to make sure they are now excluded or disquali ed by: (a) Checking SAM Exclusions; or (b) Collecting a certi cation from that person; or (c) Adding a clause or condition to the covered transaction with that person" We will also have a clause in our contracts that state they will Buy America Preference material.

Anticipated Completion Date:

Year: 2024

Month: 6

Day: 1

If applicable: Document reason issue will NOT be corrected within 6 months::

Unit Name: Town of Frankton

County: Madison

Report period beginning date:

Year: 2023

Month: 1

Day: 1

Report period ending date:

Year: 2023

Month: 12

Day: 31

Title of result and comment:: Frankton FINDING 2023-006

Contact person Responsible for Corrective Action:

First Name: Timothy

Last Name: Detrick

Contact's Phone Number:: (765) 754-7285

Contact's Email Address:: tdetrickct@gmail.com

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:: We have started a ledger that will keep track of all funds/grants that may not appear on our bank Rec. They will be check every month by the board to make sure they are accurate.

Anticipated Completion Date:

Year: 2024

Month: 6

Day: 14

If applicable: Document reason issue will NOT be corrected within 6 months::

OTHER REPORTS

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