

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, 2023 to December 31, 2023



FILED
09/26/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	C. Edward Brown (deceased) (Vacant) Michael Baker	01-01-23 to 08-27-23 08-28-23 to 09-12-23 09-13-23 to 12-31-24
Chair of the District Board	Vicky Sorensen	01-01-23 to 12-31-24
Fire Chief	Dustin C. Dillard	01-01-23 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 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, 2023, and the related notes to the financial statement, which collectively comprise the District's financial statement and have issued our report thereon dated September 12, 2024, 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 item 2023-001, 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 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 item 2023-001.

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

September 12, 2024



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

Opinion on the Major Federal Program

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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.

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

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002. Our opinion on the major federal program is not modified with respect to these 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.

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)

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 item 2023-002, 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.

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)

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, 2023, and the related notes to the financial statement. We issued our report thereon dated September 12, 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 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

September 12, 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 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, 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>					
State & Private Forestry Cooperative Fire Assistance 8970 - VFA - DNR 10.698	Indiana Department of Natural Resources/Forestry Fire Control Headquarters	10.698	Contract #30983	\$ -	\$ 5,000
Total - Department of Agriculture				-	5,000
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds 8975 - ARPA 21.027	Monroe County Government	21.027	FY 2023	-	371,806
Total - Department of the Treasury				-	371,806
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 8910 FEMA RPA COVID19	Indiana Department of Homeland Security	97.036	105-U14CT-00	-	134,802
Assistance to Firefighters Grant 8912 AFG W&F 97.044	Direct Grant	97.044	EMW-2020-FG-16373	-	15,313
Staffing for Adequate Fire and Emergency Response (SAFER) 8919 - 2019 SAFER - 97.083	Direct Grant	97.083	EMW-2019-FF-01116	-	332,126
Total - Department of Homeland Security				-	482,241
Total federal awards expended				\$ -	\$ 859,047

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, 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 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?	yes

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
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified

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 2023-001

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

Condition and Context

Financial information is required to be entered annually into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the District's Annual Financial Report (AFR or financial statement).

The District designed and implemented a process wherein the accounting advisor compiled and entered the federal award information into Gateway, and the Fiscal Officer and Fire Chief subsequently reviewed the information entered. However, the review was not effective and did not detect and allow for correction of errors prior to submission.

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

Due to the lack of effective internal controls, the financial statement presented for audit included the following errors:

- General Fund receipts were overstated by \$6,080,208.
- General Fund disbursements were overstated by \$6,077,675.
- Special Fire Cumulative receipts were overstated by \$1,280,135.
- Special Fire Cumulative disbursements were overstated by \$1,280,135.

Adjustments were proposed, accepted by the District, and made to the financial statement presented in the Financial Audit Report of the District.

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. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

All financial information of the entity shall be included on the financial statement even if the activity has not been included in the financial records of the entity. (Accounting and Financial Reporting Regulation Manual, Part III: Financial Reporting Requirements - Local Governmental Units)

Cause

Management of the District had not established an effective system of internal controls that would have ensured proper reporting of the AFR.

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

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the AFR remained undetected. The AFR 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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2023-002

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Suspension and Debarment
Federal Agency: Department of the Treasury
Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
Assistance Listings Number: 21.027
Federal Award Number and Year (or Other Identifying Number): FY 2023
Pass-Through Entity: Monroe County
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition and Context

Prior to entering into subawards and covered transactions with Coronavirus State and Local Fiscal Recovery Funds (SLFRF) award funds, recipients are required to verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded. "Covered transactions" include, but are not limited to, contracts for goods and services awarded under a nonprocurement transaction (i.e., grant agreement) that are expected to equal or exceed \$25,000. The verification is done by checking the Excluding Parties List System (EPLS), collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

The District did not have a policy related to SLFRF suspension and debarment requirements.

Three vendors were identified as having transactions that equaled or exceeded \$25,000. All three vendors were selected for testing. The three vendors were reviewed, and only one of the vendors had documented audit evidence to show that the vendor was checked for suspension, debarment, or other exclusion prior to entering into the transactions. This was due to the utilization of a purchasing cooperative for this purchase. The other two vendors, with total expenditures of \$66,575, did not have documented audit evidence to show that the vendors were checked for suspension, debarment, or other exclusion prior to entering into the transactions.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(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). . . ."

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 do business is not excluded or disqualified. You do this by:

- (a) Checking the *EPLS*;
- (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."

Cause

Management of the District had not developed a system of internal controls that addressed the need to verify suspension, debarment, or other exclusions prior to entering into transactions with vendors.

Effect

Without the proper design and implementation of an effectively designed system of internal controls, the District cannot ensure the vendors paid with federal funds are eligible to participate in federal programs. Any program funds the District used to pay vendors that have been suspended and debarred would be unallowable. Furthermore, noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future funding to the District.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the District's management establish a proper system of internal controls and develop policies and procedures to ensure contractors are not suspended, debarred, or otherwise excluded prior to entering into contracts.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the District. The documents are presented as intended by the District.



Monroe Fire Protection District



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: January 1, 2023 to December 31, 2023

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Material Weakness

Financial Close and Reporting and Disbursements – Payroll: Internal Controls were established but not adequately documented.

Status of Audit Finding:

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.

Fully corrected and the original corrective action plan was implemented.

Response Comments:

None

**HEADQUARTERS
STATION 22
3953 S KENNEDY DRIVE
BLOOMINGTON IN
812-331-1906
812-336-1166 (FAX)**



Monroe Fire Protection District



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: January 1, 2023 to December 31, 2023

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: Material Weakness

No internal controls established over the 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.

Status of Audit Finding:

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.

Fully corrected and the original corrective action plan was implemented.

Response Comments:

None

**HEADQUARTERS
STATION 22
3953 S KENNEDY DRIVE
BLOOMINGTON IN
812-331-1906
812-336-1166 (FAX)**



Monroe Fire Protection District



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: January 1, 2023 to December 31, 2023

Finding Subject: Staffing for Adequate Fire and Emergency Response (SAFER) – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Period of Performance

Summary of Finding: Material Weakness

The District had designed, but did not adequately document implementation of a system of internal controls. 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 (documented) evidence of an oversight or review process in place.

Status of Audit Finding:

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.

Fully corrected and the original corrective action plan was implemented.

Response Comments:

None

**HEADQUARTERS
STATION 22
3953 S KENNEDY DRIVE
BLOOMINGTON IN
812-331-1906
812-336-1166 (FAX)**



Monroe Fire Protection District



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-004 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: January 1, 2023 to December 31, 2023

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

Summary of Finding: Material Weakness, Modified Opinion

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 for the 2017 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 for the 2019 grant.

Status of Audit Finding:

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.

Fully corrected and the original corrective action plan was implemented.

Response Comments:

None

**HEADQUARTERS
STATION 22
3953 S KENNEDY DRIVE
BLOOMINGTON IN
812-331-1906
812-336-1166 (FAX)**



Monroe Fire Protection District



CORRECTIVE ACTION PLAN

FINDING 2023-001 (Auditor Assigned Reference Number)

Finding Subject: Financial Transactions and Reporting

Summary of Finding:

Material Weakness, Noncompliance – control was not effective to prevent, or detect and correct, material errors on the financial statements.

Contact Person Responsible for Corrective Action: Dustin Dillard, Chief

Contact Phone Number and Email Address: 812-331-1906; ddillard@monroefd.org

Views of Responsible Officials:

"We concur with the finding."

Description of Corrective Action Plan:

Upon review of the Regulatory Basis of Accounting regarding bank account transactions within the same reporting fund, we understand these transactions, while reported on the bank reconciliation, will no longer be reported as Receipts and Disbursements on the Annual Financial Report.

Anticipated Completion Date:

Corrective action has been implemented as of September 11, 2024

Per Uniform Guidance:

2 CFR § 200.511(a) – "The auditee is responsible for follow-up and corrective action on all audit findings. . . The auditee must also prepare a corrective action plan for current year audit findings. . . The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS. "

2 CFR § 200.511(c) – "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in § 200.516, a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons."

**HEADQUARTERS
3953 S KENNEDY DRIVE
BLOOMINGTON IN
812-331-1906
812-336-1166 (FAX)**



Monroe Fire Protection District



CORRECTIVE ACTION PLAN

FINDING 2023-002 (Auditor Assigned Reference Number)

Finding Subject: Coronavirus State and Local Fiscal Recovery Funds – Suspension and Debarment

Summary of Finding:

Material Weakness, Other Matters – no policy to check for suspension and debarment prior to entering into transactions with vendors

Contact Person Responsible for Corrective Action: Dustin Dillard, Chief

Contact Phone Number and Email Address: 812-331-1906; ddillard@monroefd.org

Views of Responsible Officials:

“We concur with the finding.”

Description of Corrective Action Plan:

The District will adopt a policy related to State and Local Fiscal Recovery Funds (SLFRF) suspension and debarment requirements, and develop a system of internal controls that addresses the need to verify suspension, debarment, or other exclusions prior to entering into transactions with vendors who may have transactions equal to or exceeding \$25,000 of federal funds in one year. Policy will include verification by checking the Excluded Parties List System (ELPS), collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

Anticipated Completion Date:

December 31, 2024

Per Uniform Guidance:

2 CFR § 200.511(a) – “The auditee is responsible for follow-up and corrective action on all audit findings. . . The auditee must also prepare a corrective action plan for current year audit findings. . . The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with GAGAS. ”

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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/>.