

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

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

TOWN OF BROWNSBURG

HENDRICKS COUNTY, INDIANA

January 1, 2024 to December 31, 2024



FILED

05/20/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Ann Hathaway	01-01-24 to 12-31-25
President of the Town Council	Travis Tschaenn	01-01-24 to 12-31-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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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 BROWNSBURG, HENDRICKS 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 Brownsburg (Town), for the year ended December 31, 2024, and the related notes to the financial statement, which collectively comprise the Town's financial statement and have issued our report thereon dated May 8, 2025, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

May 8, 2025



Paul D. Joyce, CPA
State Examiner

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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 BROWNSBURG, HENDRICKS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Qualified Opinions

We have audited the Town of Brownsburg'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, 2024. 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 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 *COVID-19 - Coronavirus State and Local Fiscal Recovery Funds* for the year ended December 31, 2024.

Qualified Opinion on Drinking Water State Revolving Fund

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 *Drinking Water State Revolving Fund* for the year ended December 31, 2024.

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)

Matter 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 2024-001 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.

Matter Giving Rise to Qualified Opinion on Drinking Water State Revolving Fund

As described in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding 66.468 Drinking Water State Revolving Fund, as described in item 2024-002 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.
- 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.

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)

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 2024-001 and 2024-002, 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 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.

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 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)

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, 2024, and the related notes to the financial statement. We issued our report thereon dated May 8, 2025, 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

May 8, 2025

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.

TOWN OF BROWNSBURG
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2024

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 Justice</u>					
Regional Information Sharing Systems Organized Crime Drug Enforcement Task Force	Direct Grant	16.610	CY 2024	\$ -	\$ 19,427
Equitable Sharing Program Equitable Sharing Program	Direct Grant	16.922	CY 2024	-	118,999
Total - Department of Justice				-	138,426
<u>Department of Transportation</u>					
Highway Safety Cluster State and Community Highway Safety CHIRP-Hendricks County TSP Click it to Live It/DUI Taskforce	Indiana Criminal Justice Institute	20.600	CHIRP-2024-00033	39,869	81,066
National Priority Safety Programs 2024 Stop Arm Violation Enforcement (SAVE) Child Passenger Safety Grant	Indiana Criminal Justice Institute	20.616	77152 77847	15,290 -	23,667 3,542
Total - National Priority Safety Programs				15,290	27,209
Total - Highway Safety Cluster				55,159	108,275
Highway Planning and Construction CR 700 North Reconstruction Relocate Sanitary Sewer	Indiana Department of Transportation	20.205	1701590 1902063	- -	270,504 381,801
Total - Highway Planning and Construction				-	652,305
Minimum Penalties for Repeat Offenders for Driving While Intoxicated CHIRP-Hendricks County TSP Click it to Live It/DUI Taskforce	Indiana Criminal Justice Institute	20.608	CHIRP-2024-00033	16,274	24,327
Total - Department of Transportation				71,433	784,907

TOWN OF BROWNSBURG
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2024

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 the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Indianapolis Metropolitan Planning Organization	21.027			
Northeast Sewer Interceptor-Phase 1			22-004-WW	-	877,778
ARP Coronavirus Recovery Fund			FY2024	-	1,408,183
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				-	2,285,961
Total - Department of the Treasury				-	2,285,961
<u>Environmental Protection Agency</u>					
Drinking Water State Revolving Fund	Direct Grant	66.468			
Main St & College Ave Water Main Replacement			DW23103203	-	1,135,267
Total - Drinking Water State Revolving Fund				-	1,135,267
Total - Environmental Protection Agency				-	1,135,267
<u>Department of Homeland Security</u>					
National Urban Search and Rescue (US&R) Response System	City of Indianapolis	97.025			
Task Force 1 - Tropical Storm Debby			EMW-2023-CA-USR-0013	-	8,122
Total - Department of Homeland Security				-	8,122
Total federal awards expended				\$ 71,433	\$ 4,352,683

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

TOWN OF BROWNSBURG
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 award activity of the Town under programs of the federal government for the year ended December 31, 2024. 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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable 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 BROWNSBURG
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Qualified
66.468	Drinking Water State Revolving Fund	Qualified

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

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

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2024-001

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery
Funds - Procurement and 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 Numbers and Years (or Other Identifying Numbers): 22-004-WM, FY2024
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2023-002.

Condition and Context

Prior to entering into subawards and covered transactions with COVID-19 - 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 Excluded Parties List System (EPLS), collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

The Town's policies related to SLFRF suspension and debarment requirements included a clause or condition added to covered transactions expected to equal or exceed \$25,000 with that vendor. Two vendors were identified as having transactions that equaled or exceeded \$25,000.

The two vendors, with total expenditures of \$2,572,459.27, were reviewed. For both vendors, the Town did not have documented evidence that the clause was included in the contract with the vendor nor that any other methods were employed to verify the vendor was not suspended, debarred, or otherwise excluded prior to entering into the transactions.

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:

TOWN OF BROWNSBURG
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*; 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."

Cause

The Town was unable to provide documentation to demonstrate they included a clause in contracts or otherwise verified contractors were not suspended, debarred, or otherwise excluded prior to entering into the transaction. Upon inquiry, the Town did not amend the prior contracts to include the language required.

Effect

Without the proper implementation of an effectively designed system of internal controls, the Town cannot ensure the vendors paid with federal funds are eligible to participate in federal programs. Any program funds the Town used to pay vendors that have been suspended or debarred would be unallowable.

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 Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the Town establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into contracts or subawards and document reasons for vendors that are chosen without adhering to formal procurement methods.

Views of Responsible Officials

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

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

FINDING 2024-002

Subject: Drinking Water State Revolving Fund - Procurement and Suspension and Debarment
Federal Agency: Environmental Protection Agency
Federal Program: Drinking Water State Revolving Fund
Assistance Listings Number: 66.468
Federal Award Number and Year (or Other Identifying Numbers): DW23103203
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Prior to entering into subawards and covered transactions with Drinking Water State Revolving Fund (DWSRF) 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 Excluded Parties List System (EPLS), collecting a certification from that vendor, or adding a clause or condition to the covered transaction with that vendor.

The Town's policies related to DWSRF suspension and debarment requirements included a clause or condition added to covered transactions expected to equal or exceed \$25,000 with that vendor. One vendor was identified as having transactions that equaled or exceeded \$25,000.

The one vendor, with total expenditures of \$1,120,029, was reviewed. For this vendor, the Town did not have documented evidence that the clause was included in the contract with the vendor nor that any other methods were employed to verify the vendor was not suspended, debarred, or other excluded prior to entering into the transactions.

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 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:

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

- (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."

Cause

The Town was unable to provide documentation to demonstrate they included a clause in contracts or otherwise verified contractors were not suspended, debarred, or otherwise excluded, prior to entering into the transaction. Upon inquiry, the Town did not amend the prior contracts to include the language required.

Effect

Without the proper implementation of an effectively designed system of internal controls, the Town cannot ensure the vendors paid with federal funds are eligible to participate in federal programs. Any program funds the Town used to pay vendors that have been suspended or debarred would be unallowable.

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 Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that management of the Town establish a proper system of internal controls and develop policies and procedures to ensure contractors and subrecipients, as appropriate, are not suspended, debarred, or otherwise excluded prior to entering into contracts or subawards and document reasons for vendors that are chosen without adhering to formal procurement methods.

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 Town. The documents are presented as intended by the Town.

Summary Schedule of Prior Audit Findings

FINDING 2023-003

Fiscal year in which the finding initially occurred: 2023
Current Audit Period: 2024

Finding Subject: COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Reporting

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments: None

FINDING 2023-002

Fiscal year in which the finding initially occurred: 2023
Current Audit Period: 2024

Finding Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Procurement and Suspension and Debarment

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments: Although going forward the procedures were corrected, the documents from the past could not be recreated. Some purchases in 2024 were the result of actions in 2023.

FINDING 2023-001

Fiscal Year in which the finding initially occurred: 2023
Current Audit Period: 2024

Finding Subject: Financial Transactions and Reporting

Status of Audit Finding: Not corrected

Response: Additional reports were put in place and reviewed. This action did not completely fix the reporting deficiency of our software. Another method has been discussed and will be put into place for next years' upload.

CORRECTIVE ACTION PLAN

FINDING 2024-001

Finding Subject: SLFRF - Procurement, Suspension and Debarment

Summary of Finding:

Controls were not in place to ensure the Town followed its procedures for suspension and debarment.

Contact Person Responsible for Corrective Action: Aaron Kaytar

Contact Phone Number and Email Address: 317-852-1120 akaytar@brownsburg.org

Views of Responsible Officials:

We concur with the findings.

Description of Corrective Action Plan:

In 2023 a Purchasing Policy was implemented for all departments to follow. It states:

To provide services to the Town of Brownsburg, you must not be debarred, suspended, or otherwise be excluded from or ineligible for participation in federally assisted programs under Executive Order 12549.

Upon entering contracts, the Capital Projects and Procurement manager will ensure a vendor is not suspended or debarred by following one of the three acceptable means as required by the federal government. All contracts are reviewed and approved by the Town Council.

Anticipated Completion Date:

January 1, 2025

CORRECTIVE ACTION PLAN

FINDING 2024-002

Finding Subject: Drinking Water State Revolving Fund - Procurement and Suspension and Debarment

Summary of Finding:

Controls were not in place to ensure the Town followed its procedures for suspension and debarment.

Contact Person Responsible for Corrective Action: Aaron Kaytar

Contact Phone Number and Email Address: 317-852-1120 akaytar@brownsburg.org

Views of Responsible Officials:

We concur with the findings.

Description of Corrective Action Plan:

In 2023 a Purchasing Policy was implemented for all departments to follow. It states:

To provide services to the Town of Brownsburg, you must not be debarred, suspended, or otherwise be excluded from or ineligible for participation in federally assisted programs under Executive Order 12549.

Upon entering contracts, the Capital Projects and Procurement manager will ensure a vendor is not suspended or debarred by following one of the three acceptable means as required by the federal government. All contracts are reviewed and approved by the Town Council.

Anticipated Completion Date:

January 1, 2025

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/>.