

**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 MONROEVILLE

ALLEN COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
12/30/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kevin Wenger Bobbi Elston	01-01-20 to 12-31-23 01-01-24 to 12-31-24
President of the Town Council	Donald Gerardot	01-01-20 to 12-31-24
Utility Office Manager	Larry Oberley Daniel Reinhart	01-01-20 to 12-31-20 01-01-21 to 12-31-24



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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 MONROEVILLE, ALLEN 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 Monroeville (Town), for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the Town's financial statement and have issued our report thereon dated December 9, 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 item 2020-001, 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 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*.

Town of Monroeville'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

December 9, 2024



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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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 TOWN OF MONROEVILLE, ALLEN COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Qualified Opinions

We have audited the Town of Monroeville's (Town) 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, 2020. The Town's major federal program is 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

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 for the year ended December 31, 2020.

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.

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 item 2020-002 for Matching, Level of Effort, Earmarking, and item 2020-003 for Reporting. Compliance with such requirements are necessary, in our opinion, for the Town to comply with the requirements applicable to that program.

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)

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.

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.

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 items 2020-002 and 2020-003, 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 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 Town, as of and for the year ended December 31, 2020, and the related notes to the financial statement. We issued our report thereon dated December 9, 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

December 9, 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.



TOWN OF MONROEVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

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 Water Main Improvement Project	Direct Grant	10.760	CY2020	\$ -	\$ 2,735,262
Total - Department of Agriculture				-	<u>2,735,262</u>
Total federal awards expended				<u>\$ -</u>	<u>\$ 2,735,262</u>

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

TOWN OF MONROEVILLE
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, 2020. 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 MONROEVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
10.760	Water and Waste Disposal Systems for Rural Communities	Qualified

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

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

FINDING 2020-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition and Context

There was a deficiency in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts.

Throughout the audit period, one person was responsible for collecting, issuing, depositing, and posting receipts without any oversight, review, or approval process in place.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the Town had not established and implemented a system of internal controls that segregated key functions and would ensure proper recording and reporting of receipts.

Effect

Not establishing and implementing a system of internal controls could have enabled material misstatements or irregularities to occur and remain undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-002

Subject: Water and Waste Disposal Systems for Rural Communities - Matching
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): CY2020
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion

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

Condition and Context

The Town had not designed or implemented adequate internal controls and procedures to ensure compliance with the requirements related to the grant agreement and the Matching compliance requirement. As part of the grant agreement with the U.S. Department of Agriculture (USDA), the Town was to contribute \$15,000 of local funds toward bond council. The Clerk-Treasurer posted all grant activity in Fund 810, Water Line Construction. Through inspection of the Fund, the Indiana State Board of Accounts determined that no local funds were posted to be used to pay toward bond council.

The lack of internal controls and noncompliance were systemic issues, which occurred 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). . . ."

7 CFR 1780.44(d) states: "*Applicant contribution.* An applicant contributing funds toward the project cost shall deposit these funds in its project account before start of construction. Project costs paid with applicant funds prior to the required deposit time shall be appropriately accounted for."

Cause

The lack of internal controls resulted in the required local fund contribution of \$15,000 not being posted to Fund 810, Water Line Construction.

Effect

Without the proper implementation of an effectively designed system of internal controls, the omission of the local fund contribution posting of \$15,000 occurred, allowing noncompliance with the matching requirement. 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 federal funding to the Town.

Questioned Costs

Known questioned costs of \$15,000 were identified, as detailed in *Condition and Context*.

Recommendation

We recommended that the Town's management establish a system of internal controls to ensure compliance with the grant agreement and the Matching compliance requirement.

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

Views of Responsible Officials

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

FINDING 2020-003

Subject: Water and Waste Disposal Systems for Rural Communities - Reporting
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): CY2020
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

Annual financial reports are to be filed with the awarding agency. The Town was required to file two reports during the audit period, the Statement of Budget, Income and Equity (Form RD 442-2) and the Balance Sheet (Form RD 442-3) with the U.S. Department of Agriculture (USDA).

The Form RD 442-2 covers financial operations relating to the Town's water main replacement project and the Form RD 442-3 presents the financial status of the project. In both instances, a borrower may submit the financial data on other forms, provided the forms are in a similar format and signed and dated by the organization's official to certify the correctness of the information. Alternatively, an annual audit may be submitted in lieu of the forms.

The Town did not prepare or file the required reports, submit financial data on other forms, or submit an annual audit in lieu of the forms to the USDA. As such, we could not substantiate the financial operations or the financial status of the project. Additionally, the Town did not obtain a written waiver from the USDA to allow the Town not to file the reports.

The lack of internal controls and noncompliance were systemic issues, which occurred 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 MONROEVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following
...

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . ."

7 CFR 1780.47(e) states:

"Borrowers exempt from audits. All borrowers who are exempt from audits, will, within 60 days following the end of each fiscal year, furnish the RUS with annual financial statements, consisting of a verification of the organization's balance sheet and statement of income and expense by an appropriate official of the organization. Forms RD 442-2, 'Statement of Budget, Income and Equity,' and 442-3 may be used."

Cause

Management of the Town had not established an effective system of internal controls that segregated key functions and would have ensured compliance with reporting requirements of the grant. As a result, Form 442-2 and Form 442-3 were not filed. The Town did not obtain a written waiver from the USDA to support the reports not being filed.

Effect

Without the proper implementation of an effectively designed system of internal controls, the Town cannot ensure the required reports were filed with the awarding agency. As such, the USDA does not have accurate and current information to discern the financial status of the Town's project. 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 federal funding to the Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish a proper system of internal controls and develop policies and procedures to ensure required reports, or allowable alternatives, are completed and filed with the USDA.

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 Monroeville
PO Box 401
Monroeville, IN 46773**

CORRECTIVE ACTION PLAN

FINDING 2020-001

Finding Subject: Financial Transactions and Reporting

Summary of Finding: There was a deficiency in the internal control system of the Town related to financial transactions and reporting. The Town had not separated incompatible activities related to receipts. Throughout the audit period, one person was responsible for collecting, issuing, depositing, and posting receipts without any oversight, review, or approval process in place.

Contact Person Responsible for Corrective Action: Bobbi Elston (Clerk-Treasurer)

Contact Phone Number and Email Address: (260) 433-4800, 104 Allen St, Monroeville, IN 46773

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan: The Town will implement internal controls over financial transactions and reporting based on the State Board of Accounts Uniform Internal Controls Standards for Indiana Political Subdivisions. This will include involving the Town Council to assist in the receipting process or having a Board Member or someone other than the Clerk-Treasurer make the deposits. We will also explore other possibilities for implementing a segregation of duties over receipts.

Anticipated Completion Date: January 1, 2025

**Town of Monroeville
PO Box 401
Monroeville, IN 46773**

CORRECTIVE ACTION PLAN

FINDING 2020-002

Finding Subject: Water and Waste Disposal Systems for Rural Communities - Matching

Summary of Finding: The Town had not designed or implemented adequate internal controls and procedures to ensure compliance with the requirements related to the grant agreement and the Matching compliance requirement. As part of the grant agreement with the Department of Agriculture (USDA), the Town was to contribute \$15,000 of local funds toward bond council. The Clerk-Treasurer posted all grant activity in Fund 810, Water Line Construction. No local funds were posted to be used to pay toward bond council.

Contact Person Responsible for Corrective Action: Bobbi Elston (Clerk-Treasurer)

Contact Phone Number and Email Address: (260) 433-4800, 104 Allen St, Monroeville, IN 46773

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The Town will implement internal controls over the matching compliance requirement related to the Water and Waste Disposal Systems federal program based on the State Board of Accounts Uniform Internal Controls Standards for Indiana Political Subdivisions. This will include involving the Town Council to assist in verifying the Town has met matching requirement.

Anticipated Completion Date: January 1, 2025

**Town of Monroeville
PO Box 401
Monroeville, IN 46773**

CORRECTIVE ACTION PLAN

FINDING 2020-003

Finding Subject: Water and Waste Disposal Systems for Rural Communities – Reporting

Summary of Finding: The Town did not prepare or file the required reports, submit financial data on other forms, or submit an annual audit in lieu of the forms to the USDA. As such, there was no evidence to substantiate the financial operations or the financial status of the project.

Contact Person Responsible for Corrective Action: Bobbi Elston (Clerk-Treasurer)

Contact Phone Number and Email Address: (260) 433-4800, 104 Allen St, Monroeville, IN 46773

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

The Town will implement internal controls over the reporting compliance requirement related to the Water and Waste Disposal Systems federal program based on the State Board of Accounts Uniform Internal Controls Standards for Indiana Political Subdivisions. This will include involving the Town Council to assist in verifying the Town has met reporting requirement.

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/>.