

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

KANKAKEE-IROQUOIS REGIONAL
PLANNING COMMISSION
WHITE COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
12/18/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Edwin Buswell	01-01-13 to 12-31-15
Treasurer	David Diener	01-01-13 to 12-31-15
Chairman of the Board	Larry Wiley	01-01-13 to 12-31-15



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TO: THE OFFICIALS OF THE KANKAKEE-IROQUOIS REGIONAL
PLANNING COMMISSION, WHITE COUNTY, INDIANA

This report is supplemental to our audit report of the Kankakee-Iroquois Regional Planning Commission (Planning Commission), for the period from January 1, 2013 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Planning Commission. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Planning Commission, which provides our opinions on the Planning Commission's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding and the Official Response, incorporated within this report, were not verified for accuracy.

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

September 22, 2015

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
FEDERAL FINDING

FINDING 2014-001 - REPORTING

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): PO #0013809675, PO #0014811591

Pass-Through Entity: Indiana Department of Transportation

The Planning Commission has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirement. The Director of Finance prepared and submitted the final reports for each grant year without oversight, review, or approval.

The failure to establish an effective internal control system places the Planning Commission at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Planning Commission.

We recommended that the Planning Commission establish controls, including segregation of duties, related to the grant agreement and the Reporting compliance requirement.



K-IRPC

Kankakee-Iroquois Regional Planning Commission

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- * *Economic/Community Development*
- * *Arrowhead Country Public Transit*
- * *K-IRPC Head Start Program*
- * *Rural Transportation Planning*

CORRECTIVE ACTION PLAN

FINDING 2014-001 -Reporting

Contact Person Responsible for Corrective Action: Lynette Carpenter

Contact Phone Number: 219-253-6658

Description of Corrective Action Plan:

The Director of Finance will print the required INDOT Annual Report Excel Spreadsheet, and the Executive Director will review and sign a file copy before the spreadsheet is returned to INDOT.

Anticipated Completion Date: Effective with next Annual Report Due-February 2016

Edwin Buswell
(Signature)

Executive Director
(Title)

9/17/2015
(Date)



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September 22, 2015

Indiana State Board of Accounts has issued an audit finding regarding the Department of Transportation Annual Report. This report is electronically sent to Kankakee-Iroquois Regional Planning Commission (KIRPC) and required to be filled out and resent electronically. INDOT does not require nor provide a way for this report to be approved electronically.

The Annual Report is a summary of all of the four quarterly reports that have all the proper reviews and approvals. INDOT does compare the Annual Report with the four quarterly report totals and requires that any discrepancies be explained.

This finding states that KIRPC could be at risk of noncompliance with the grant agreement. However, this is not a requirement in our grant agreement. It also states that this could allow for the misuse or mismanagement of federal funds. However, this report is a summary report and all the federal funds have already been disbursed with the four quarterly reports at the time of preparation of the Annual Report. Therefore, no mismanagement or misuse of federal funds could take place.

Edwin Buswell, Executive Director

Lynette Carpenter, Director of Finance

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 22, 2015, with Edwin Buswell, Executive Director; Lynette Carpenter, Director of Finance; Larry Wiley, Chairman of the Board; David Diener, Treasurer; and Tiffany Stigers, Head Start Director.