

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENCASTLE

PUTNAM COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
01/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynda R. Dunbar	01-01-12 to 12-31-19
Mayor	Susan V. Murray William A. Dory, Jr.	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President of the Board of Public Works	Susan V. Murray William A. Dory, Jr.	01-01-12 to 12-31-15 01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Adam Cohen	01-01-14 to 12-31-16
Water Utility Office Manager	Barbra Hathaway (Vacant) Dorothy Wells	01-01-14 to 06-26-14 06-27-14 to 06-29-14 06-30-14 to 12-31-16
Wastewater Utility Office Manager	Melanie Welker	01-01-14 to 12-31-16
Trash Utility Office Manager	Lynda R. Dunbar	01-01-14 to 12-31-16
Superintendent of Water and Wastewater Utilities	Robert Lovell (Vacant)	01-01-14 to 01-22-16 01-23-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENCASTLE, PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of the City of Greencastle (City), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the City, which provides our opinions on the City'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 Findings incorporated within this report, was not verified for accuracy.

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

December 15, 2016

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CLERK-TREASURER
CITY OF GREENCASTLE

CLERK-TREASURER
CITY OF GREENCASTLE
FEDERAL FINDING

FINDING 2014-001 - INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Year (or Other Identifying Numbers): DR2SC-013-002, DR2SC-011-001

Pass-Through Entity: Indiana Housing and Community Development Authority

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Davis-Bacon Act, Procurement and Suspension and Debarment, and Special Tests and Provisions.

Davis-Bacon Act (Applies to DR2SC-013-002)

Certified payrolls were submitted by the contractors to the Grant Administrator, but were not provided to the City. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that Davis-Bacon requirements were met.

Procurement and Suspension and Debarment (Applies to DR2SC-013-002)

The City entered into three contracts in the performance of this program. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that contracts were not made with entities who were suspended or debarred.

Special Tests and Provisions (Applies to DR2SC-013-002 and DR2SC-011-001)

Environmental Reviews, Citizen Participation, and Rehabilitation Using NSP Funds requirements were completed by the Grant Administrator. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that all Special Tests and Provision requirements were met.

Context

The City hired a Grant Administrator to facilitate compliance with the grant. The City Attorney also had a high level of participation in the grant. There was no evidence of internal controls over compliance with the grant requirements listed above or the grant agreement. This was pervasive throughout the entire grant period.

CLERK-TREASURER
CITY OF GREENCASTLE
FEDERAL FINDING
(Continued)

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

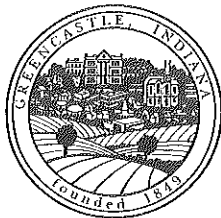
We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

City of Greencastle

City Hall
One North Locust Street, P.O. Box 607
Greencastle, Indiana 46135
765-653-9211



CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Lynda Dunbar
Contact Phone Number: 765-848-1510

We concur with the Davis-Bacon Act finding.

We concur with the Special Test and Provisions

We disagree with the findings on Procurement and Suspension and Debarment relating to third party contracts

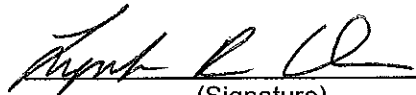
Description of Corrective Action Plan:

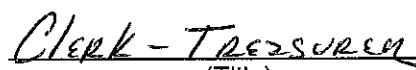
Davis Bacon Act: In 2015 both the Clerk Treasurer and Deputy Clerk Treasurer successfully completed the requirements for accreditation as a CDBG Grant Administrator. Even though the city will continue to hire an outside Grant Administrator the City has a better understanding of the process and requirements and will perform an overview to determine all compliance requirements are met.

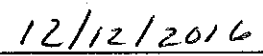
Special Tests and Provisions: Some special tests and provisions were reviewed and approved by our Redevelopment Committee. However we realized that some were not. Therefore, a better understanding of the process and requirements will be implemented to make sure compliance requirements are met.

Procurement and Suspension and Debarment Relating to Third Party Contracts- The City relied on the information provided by OCRA and IHDA, the funding agencies, in determining the inclusion of contract provisions in its Grant Administrator agreements. The City will ensure that the cited provisions are included in future agreements with OCRA Grants. The City is required to follow OCRA guidelines which the city has done. Laurie Hardwick, City Attorney will also notify the applicable State agencies and inform them that the provisions that they have provided to municipalities are incomplete and should be supplemented.

Anticipated Completion Date: Immediate


(Signature)


(Title)


(Date)

CLERK-TREASURER
CITY OF GREENCASTLE
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2016, with Lynda R. Dunbar, Clerk-Treasurer; William A. Dory, Jr., Mayor; Laurie Hardwick, Attorney; and Adam Cohen, President Pro Temore of Common Council.