

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF BEDFORD

LAWRENCE COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
04/27/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|---|--|
| Clerk-Treasurer | Julie L. Blackwell Chase (Vacant) Marsha Pfeiffer | 01-01-12 to 07-15-16 07-16-16 to 07-28-16 07-29-16 to 12-31-19 |
| Mayor | Shawna M. Girgis | 01-01-12 to 12-31-19 |
| President of the Board of Public Works and Safety | Shawna M. Girgis | 01-01-14 to 12-31-17 |
| President Pro Tempore of the Common Council | Byron L. Buker | 01-01-14 to 12-31-17 |
| Superintendent of Utilities | Misty Adams | 01-01-14 to 12-31-17 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF BEDFORD, LAWRENCE COUNTY, INDIANA

This report is supplemental to our audit report of the City of Bedford (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 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 Finding, incorporated within this report, was not verified for accuracy.

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

March 20, 2017

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CLERK-TREASURER
CITY OF BEDFORD

CLERK-TREASURER
CITY OF BEDFORD
FEDERAL FINDING

FINDING 2014-001 - DAVIS-BACON ACT

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 Number and Year (or Other Identifying Number): DR2-09-235
Pass-Through Entity: Office of Community and Rural Affairs (OCRA)

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 Davis-Bacon Act requirements.

The City hired a Grant Administrator to oversee Davis-Bacon Act compliance, including monitoring the submission of weekly payrolls. There was no evidence of a control, such as an oversight, review, or approval process, by the City to ensure that the Davis-Bacon Act requirements were met.

Context

There was no evidence of internal controls over compliance with the Davis-Bacon Act requirements. This was pervasive throughout the entire audit period.

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. . . ."

CLERK-TREASURER
CITY OF BEDFORD
FEDERAL FINDING
(Continued)

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 requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement 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 and implement controls related to the grant agreement and the Davis-Bacon Act requirements.

Views of Responsible Officials

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



Marsha Pfeiffer
BEDFORD CLERK-TREASURER
LAWRENCE COUNTY, INDIANA
CORRECTIVE ACTION PLAN

FINDING 2014-001 – DAVIS BACON

Contact Person Responsible for Corrective Action: Marsha Pfeiffer
Contact Phone Number: (812) 275-1606

Views of Responsible Official:

The City of Bedford contracted with ARA – Administrative Resources Association to oversee and administer the Storm Drainage Grant. As part of the contract, ARA was to monitor and review the Davis-Bacon. While we agree there was not an Internal Control in place, the City of Bedford had complete confidence that all parts of the project concerning Davis Bacon was followed and addressed by ARA.

Description of Corrective Action Plan:

The City of Bedford will be implementing the following procedures to insure there are proper internal controls over the monitoring and review of Davis-Bacon and other various parts of all grants:

1. A checklist will be created for all project files by the Grant Administrator.
2. The checklist will be completed during various parts of the Grant process including, but not limited to Davis-Bacon.
3. The Clerk-Treasurer and/or 1st Deputy, along with Department Head overseeing the project will meet monthly with the Grant Administrator to review pay applications/payrolls and all financials. All responsible parties will verify the information is correct and sign off.

Anticipated Completion Date March 8, 2017

Marsha Pfeiffer

(Signature)
Clerk - Treasurer

(Title)
3/8/17

(Date)

CLERK-TREASURER
CITY OF BEDFORD
EXIT CONFERENCE

The contents of this report were discussed on March 20, 2017, with Shawna M. Girgis, Mayor; Marsha Pfeiffer, Clerk-Treasurer; Byron L. Buker, President Pro Tempore of the Common Council; and Misty Adams, Superintendent of Utilities.