

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WESTGATE @ CRANE AUTHORITY

DAVISS COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
07/17/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Greg Jones (interim) Donald P. Schulte	01-01-13 to 03-31-13 04-01-13 to 12-01-15
Treasurer	Martin Mumaw III Patty Raymann (interim) Elaine Wellman	01-01-13 to 03-20-13 03-21-13 to 04-21-13 04-22-13 to 12-31-17
President of the Board	John Mensch	01-01-13 to 12-31-17



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TO: THE OFFICIALS OF THE WESTGATE @ CRANE AUTHORITY, DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of the Westgate @ Crane Authority (Authority), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Authority. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Authority, which provides our opinions on the Authority'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

May 31, 2017

WESTGATE @ CRANE AUTHORITY
FEDERAL FINDING

FINDING 2013-001

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-79-05539
Compliance Requirement: Reporting
Audit Finding: Material Weakness, Noncompliance

Condition

An effective internal control system was not in place at the Authority in order to ensure compliance with requirements related to the grant agreement and the Reporting requirements.

The Authority contracted with the Southern Indiana Development Commission (SIDC) for grant administration and financial management of the Economic Adjustment Assistance grant. The SIDC prepared the required reports, including the Federal Financial Reports (SF-425) and Outlay Report and Request for Reimbursement for Construction Programs (SF-271) for submission to the Economic Development Administration (EDA).

The Federal Financial Reports (SF-425) were prepared and submitted to the EDA by the SIDC without any oversight or review from the Authority to ensure that the reports were correct and complete.

The three Federal Financial Reports (SF-425) submitted during the audit period incorrectly indicated that the basis of accounting used was accrual when the reports were actually prepared on the cash basis of accounting and the amounts reported for federal cash receipts and federal cash disbursements were not reported as cumulative for the grant period as required.

The Outlay Report and Request for Reimbursement for Construction Programs (SF-271) did have oversight and review from the Authority; however, the control was ineffective and the report was submitted with the following errors:

The final Outlay Report and Request for Reimbursement for Construction Program (SF-271) report was filed during the audit period. The Outlay Report and Request for Reimbursement for Construction Program (SF-271) incorrectly indicated the basis of accounting used was accrual when the report was actually prepared on the cash basis of accounting. The type of request was incorrectly indicated as "partial" when the request should have been marked "final." The reimbursement amount requested was greater than the remaining balance of the grant award available to claim. The EDA caught this error and made the correction, so the final reimbursement amount actually received was the balance of the grant award.

Context

This is a systemic problem as four of the six filed reports tested were inaccurate and did not agree with the Authority's ledger.

WESTGATE @ CRANE AUTHORITY
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. . . ."

15 CFR section 24.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

Cause

There was not an adequate internal control system in place that would have ensured compliance with the Reporting requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance with the Reporting compliance requirement of the grant to remain undetected.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Authority's management establish effective controls and implement procedures to comply with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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



WestGate@Crane
TECHNOLOGY PARK
AUTHORITY BOARD

John Mensch, President
Don Bowling, Vice-President

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Phil O'Haver, Secretary
Elaine Wellman, Treasurer

Members: Natalie Smith, Dan Gregory, Jim Henry, Ray Crawford, Jim Weimer, Brian Sparks.

CORRECTIVE ACTION PLAN

FINDING 2013-001

Federal Agency: Department of Commerce
Contact: John Mensch, President of the Board
Contact Phone Number: 812-384-3575

We concur with the finding since we became aware of the issues during the last audit which was completed in September 2013. A Corrective Action plan was put in place but the majority of the year 2013 had already transpired.

Description of Corrective Action Plan:

The WestGate @ Crane Authority (WGA) will work in conjunction with the grant administration professionals Southern Indiana Development Commission (SIDC) in order to assure more accurate reporting on the financial reports & transactions. The WestGate @ Crane Authority (WGA) adopted a "Policies and Procedures to be used in the Administration of Federal Grant Programs" on November 12, 2013. The monthly financial reports from Southern Indiana Development Corporation (SIDC) are now presented to the Authority Board members at their monthly meetings for review. The financial reports will be reviewed and signed off by the Executive Director, Board President, and Board Treasurer to ensure completeness and that to the best of the knowledge of the Administrator and WGA that all documentation is complete and correct.

Anticipated Completion Date: November 2013



(Signature)

Treasurer of Westgate

(Title)

May 8, 2017

(Date)

WESTGATE @ CRANE AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on May 31, 2017, with John Mensch, President of the Board; Elaine Wellman, Treasurer; Greg Jones, Interim Executive Director; Phil O'Haver, Board member; James S. Weimer, Board member; Ray Vern Crawford, Board member; Donald P. Schulte, former Executive Director; and Janice Taylor, Southern Indiana Development Commission Administrative Specialist.