

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, 2015 to December 31, 2015



FILED
07/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Edwin Buswell	01-01-15 to 12-31-17
Treasurer	David A. Diener	01-01-15 to 12-31-17
President of the Board	Larry Wiley	01-01-15 to 12-31-17



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 (Commission), for the period from January 1, 2015 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Commission. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Commission, which provides our opinions on the 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, incorporated within this report, was not verified for accuracy.

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

June 12, 2017

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
FEDERAL FINDING

FINDING 2015-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The Commission did not have a proper system of internal control over the financial information entered into the Indiana Gateway for Government Units financial system, which is the source of the Annual Financial Report and the Schedule of Expenditures of Federal Awards (SEFA). Due to the lack of controls, \$413,808 provided to a subrecipient was not reported on the SEFA.

Audit adjustments were proposed, accepted by the Commission, and made to the SEFA presented in this report.

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
FEDERAL FINDING
(Continued)

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

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



K-IRPC

Kankakee-Iroquois Regional Planning Commission

115 East Fourth Street, P.O. Box 127, Monon, Indiana 47959-0127

Telephone: 219.253.6658
Facsimile: 219.253.6659
www.kirpc.net

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

CORRECTIVE ACTION PLAN

FINDING 2015-001 –PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Lynette Carpenter
Contact Phone Number: 219-253-6658

Description of Corrective Action Plan:

The Director of Finance will enter the financial assistance passed –through to sub recipients in the appropriate column on the Gateway Federal Funds report. This column was new to the report in 2015 and was overlooked. The Director of Finance will correct the report for 2016 reporting year, and report it correctly for future years.

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

Edwin Buswell
(Signature)

Executive Director
(Title)

6/5/2017
(Date)

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on June 12, 2017, with Larry Wiley, President of the Board; Nathan Origer, Secretary of the Board; Edwin Buswell, Executive Director; Lynette Carpenter, Director of Finance; and Tiffany Stigers, Director of Head Start.