

**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, 2016 to December 31, 2016



**FILED**  
04/19/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Edwin Buswell	01-01-16 to 12-31-18
Treasurer	David A. Diener	01-01-16 to 12-31-18
President of the Board	Larry Wiley Nathan P. Origer	01-01-16 to 12-31-17 01-01-18 to 12-31-18



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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 (Commission), for the period from January 1, 2016 to December 31, 2016. 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/](http://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 22, 2018

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
FEDERAL FINDING

***FINDING 2016-001***

Subject: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Condition*

The Commission had not established an effective internal control system over recording Financial Transactions and Reporting financial information in the Indiana Gateway for Government Units financial reporting system (Gateway), which was the source of the Commission's financial statement.

The Finance Director prepared the financial information entered into Gateway. The Executive Director and Head Start Program Director reviewed the information; however, the review was not effective as there were material errors on the financial statement which were not detected or corrected. Those errors were:

1. The School Lunch federal grant receipts and disbursements of the Head Start fund totaling \$69,107 were not included in the financial statement. The Commission issued receipts for all money received. The Finance Director subtracted the school lunch and non-federal receipts and netted them against corresponding expenditures for federal grant reporting purposes.
2. The Commission received a \$33,683 insurance reimbursement and a \$1,302 local match from a government entity to replace a vehicle that was totaled in an accident. The receipt and disbursement for the vehicle were not included in the financial statement.

Audit adjustments were proposed, accepted by the Commission, and made to the financial statement.

*Context*

The lack of controls and errors in Financial Transactions and Reporting were systemic issues throughout the audit period.

*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:

KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
FEDERAL FINDING  
(Continued)

"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. . . ."

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the Commission establish a system of internal controls related to Financial Transactions and Reporting that would have ensured that all receipts and disbursements were recorded and reported.

*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***

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

**CORRECTIVE ACTION PLAN**

***FINDING 2016-001***

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

**Description of Corrective Action Plan:**

The Director of Finance will include all receipts and expenditures relating to federal funds received for school lunch and all non-federal funds in the Gateway reporting for each year. The Executive Director and Head Start Director will be given a Detailed Receipt Gateway report and a Detailed Disbursement Gateway report that they can match to the Annual Funds Reconciliation report that is prepared by the Director of Finance. These reports will be approved and signed before the Gateway reports are submitted. This procedure has been corrected for the 2017 report.

Anticipated Completion Date: Effective with next Annual Report Due-March 1, 2018

Edwin Buswell  
(Signature)

Executive Director  
(Title)

3/22/2018  
(Date)



KANKAKEE-IROQUOIS REGIONAL PLANNING COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on March 22, 2018, with Nathan P. Origer, President of the Board; Edwin Buswell, Executive Director; Lynette Carpenter, Director of Finance; and Tiffany Stigers, Director of Head Start.