

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
PORTER COUNTY AIRPORT AUTHORITY  
PORTER COUNTY, INDIANA  
January 1, 2017 to December 31, 2017



**FILED**  
08/31/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Director/Treasurer	Kyle J. Kuebler	01-01-17 to 12-31-18
President of the Airport Authority Board	Paul R. Chael	01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PORTER COUNTY AIRPORT AUTHORITY, PORTER COUNTY, INDIANA

This report is supplemental to our audit report of the Porter County Airport Authority (Authority), for the period from January 1, 2017 to December 31, 2017. 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/](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

August 6, 2018

PORTER COUNTY AIRPORT AUTHORITY  
FEDERAL FINDING

***FINDING 2017-001***

Subject: Airport Improvement Program - Suspension and Debarment

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Numbers and Years (or Other Identifying Numbers): 3-18-0083-26, 3-18-0083-27,  
3-18-0083-28

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior finding number was 2016-003.

*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 suspension and debarment requirements.

The Authority had not designed or implemented adequate internal controls to ensure that all vendors had not been suspended or debarred or otherwise excluded from participation in federal assistance programs.

No new contracts were awarded during the audit period; however, the Authority did not perform a verification, obtain certifications, or amend the consulting contract to add a clause to ensure that the consulting firm was not suspended or debarred.

*Context*

The lack of controls was a systemic issue throughout the audit. The noncompliance was an isolated issue which applied only to the consulting contract, which accounted for \$92,726 of the federal expenditures.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

PORTER COUNTY AIRPORT AUTHORITY  
FEDERAL FINDING  
(Continued)

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

The Authority had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the suspension and debarment requirements could have resulted in the loss of federal funds to the Authority.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the Authority's management establish internal controls to ensure compliance and comply with the grant agreement and the suspension and debarment requirements.

*Views of Responsible Officials*

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

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Valparaiso, IN 46383  
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E-Mail: vpz@vpz.org



## CORRECTIVE ACTION PLAN

### FINDING 2017-001

Contact Person Responsible for Corrective Action: Kyle J. Kuebler, Airport Director/Treasurer

Contact Phone Number: 219-462-6508

Views of Responsible Official: The Airport Authority concurs with the finding.

Description of Corrective Action Plan: As described in the previous Corrective Action Plan for Finding 2016-003, the Airport Authority did modify its Airport Improvement Program (AIP) Grant Oversight Policies and Procedures to require that its Consultant provide a correspondence evidencing that it has reviewed all bidder related to any contract to be funded under the federal Airport Improvement Program (AIP) within the System For Award Management (SAM), and certify compliance of all bidders with regard to Procurement, Suspension and Debarment. The Airport Improvement Program (AIP) Grant Oversight Policies and Procedures were also modified to require the Airport Director or Treasurer to review the Consultant's standing within the System For Award Management (SAM), in order to ensure compliance with requirements related to the grant agreement and the Procurement, Suspension and Debarment, upon the execution of all contractual agreements, and evidence such review. As stated within the Corrective Action Plan for Findings 2016-003, the Internal Control action proposed was involving the aforementioned modification of the Airport Improvement Program (AIP) Grant Oversight Policies and Procedures, and the action certifying compliance of all bidders, and our consultant, "upon the execution of all contractual agreements", and providing evidence of such review.

No new contracts were awarded during the audit period, which did not allow the testing of the Corrective Action Plan for Finding 2016-003, as written. Per the recommendation of the Field Examiner, the Airport Authority provided a review and certification that its Engineering Consultant, to whom was paid \$92,726 of federal expenditures during the audit period, had no Active Exclusion Records within the System For Award Management (SAM) regarding the Procurement, Suspension and Debarment requirements of participation within the AIP.

Anticipated Completion Date: June 28, 2018 (Completed), and upon future contract award.



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(Signature)

Kyle J. Kuebler,  
Airport Director/Treasurer

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(Title)

August 6, 2018

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(Date)

PORTER COUNTY AIRPORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on August 6, 2018, with Kyle J. Kuebler, Airport Director/Treasurer, and Paul R. Chael, President of the Airport Authority Board.