

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENCASTLE

PUTNAM COUNTY, INDIANA

January 1, 2016 to December 31, 2016



FILED

10/26/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Federal Finding:	
Finding 2016-001	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Internal Controls	6-7
Corrective Action Plan	8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lynda R. Dunbar	01-01-16 to 12-31-19
Mayor	William A. Dory, Jr.	01-01-16 to 12-31-19
President of the Board of Public Works	William A. Dory, Jr.	01-01-16 to 12-31-19
President Pro Tempore of the Common Council	Adam Cohen	01-01-16 to 12-31-18
Utility Office Manager	Dorothy Wells	01-01-16 to 12-31-18
Wastewater Utility Office Manager	Melanie Welker	01-01-16 to 12-31-18
Superintendent of Water and Wastewater Utilities	Robert Lovell Oscar King (interim) Oscar King	01-01-16 to 01-22-16 01-23-16 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF GREENCASTLE, PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of the City of Greencastle (City), 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 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

September 20, 2018

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CLERK-TREASURER
CITY OF GREENCASTLE

CLERK-TREASURER
CITY OF GREENCASTLE
FEDERAL FINDING

FINDING 2016-001

Subject: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii - Internal Controls

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 Numbers and Years (or Other Identifying Numbers): DR2SC-013-002, ST-12-102

Pass-Through Entity: Indiana Housing and Community Development Authority

Compliance Requirements: Procurement and Suspension and Debarment, Special Tests and Provisions -
Environmental Reviews, Special Tests and Provisions - Citizen Participation

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

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 following compliance requirements: Procurement and Suspension and Debarment, Special Tests and Provisions - Environmental Reviews, and Special Tests and Provisions - Citizen Participation.

Procurement and Suspension and Debarment (Applies to DR2SC-013-002)

The City entered into three contracts in the performance of this program. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that contracts were not made with entities who were suspended or debarred.

Special Tests and Provisions (Applies to DR2SC-013-002 and ST-12-102)

The Environmental Reviews and Citizen Participation requirements were completed by the Grant Administrator. There was no evidence of a control, such as an oversight, review, or approval process by the City to ensure that all Special Tests and Provisions requirements were met.

Context

The City hired a Grant Administrator to facilitate compliance with the grant requirements. The City Attorney also had a high level of participation in the grant. However, there was no evidence of internal controls over the compliance requirements listed above or the grant agreement. The lack of controls was pervasive throughout the audit period.

CLERK-TREASURER
CITY OF GREENCASTLE
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. . . ."

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). . . ."

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 requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements 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 controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

City of Greencastle

City Hall
One North Locust Street, P.O. Box 607
Greencastle, Indiana 46135
765-653-3100



CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Lynda Dunbar
Contact Phone Number: 765-848-1510

Views of Responsible Official:

We disagree with the findings on Procurement and Suspension and Debarment Relating to Third Party Contracts.

We concur with the Special Test Provisions

Description of Corrective Action Plan:

Procurement and Suspension and Debarment Relating to Third Party Contracts- The City relied on the information provided by OCRA, the funding agency, in determining the inclusion of contract provisions in its Grant Administration agreements. The City will ensure that the cited provisions are included in future agreements with OCRA Grants. The City is required to follow OCRA guidelines which the city has done. Laurie Hardwick, the City Attorney also notified the applicable State agencies and informed them that the provision that they have provided to municipalities are incomplete and should be supplemented.

Special Tests and Provisions: Some special tests and provisions were reviewed and approved by our Redevelopment Committee. However we realized that some were not. Therefore, a better understanding of the process and requirements will be implemented to make sure compliance requirements are met.

Anticipated Completion Date: Contracts after 2016.



(Signature)

Clerk - Treasurer

(Title)

9/18/18

(Date)

CLERK-TREASURER
CITY OF GREENCASTLE
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2018, with William A. Dory, Jr., Mayor; Lynda R. Dunbar, Clerk-Treasurer; C. Susan Kass, Deputy Clerk-Treasurer; Adam Cohen, President Pro Tempore of the Common Council; and Stacie Langdon, Common Council member.