

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HAMILTON COUNTY AIRPORT AUTHORITY

HAMILTON COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED

07/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Director	Brad Cozza	01-01-18 to 12-31-19
Treasurer	Robin M. Mills	01-01-18 to 12-31-19
President of the Airport Authority Board	William H. Frye	01-01-18 to 12-31-19



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

This report is supplemental to our audit report of the Hamilton County Airport Authority (Authority), for the period from January 1, 2018 to December 31, 2018. 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

June 3, 2019

HAMILTON COUNTY AIRPORT AUTHORITY
FEDERAL FINDING

FINDING 2018-001

Subject: Airport Improvement Program - Special Tests and Provisions - Wage Rate Requirements
Federal Agency: U.S. Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number and Year (or Other Identifying Number): 3-18-0103-028-2017
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Finding: Significant Deficiency

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 Special Tests and Provisions - Wage Rate Requirements compliance requirement.

The Authority is not reviewing the certified payrolls for construction contracts for construction projects. The certified payrolls are being completed by a contracted vendor with no review by the Authority.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

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

HAMILTON COUNTY AIRPORT AUTHORITY
FEDERAL FINDING
(Continued)

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 to ensure compliance with the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Effect

The failure to establish an effective internal control system placed the Authority at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Authority's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Wage Rate Requirements compliance requirement.

Views of Responsible Officials

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



CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Robin M. Mills
Contact Phone Number: (317)770-4424

Views of Responsible Official:

It was brought to my attention on Thursday, May 16, 2019, that "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 Special Tests and Provisions - Wage Rate Requirements compliance requirement.

The Airport Authority is not reviewing the certified payrolls for construction contracts for airport construction projects. The certified payrolls are being completed by a contracted vendor with no review by the Airport Authority.

Description of Corrective Action Plan:

Learning of the pending non-compliance internal control issue, Auditor Mills, Todd Clevenger (Grant Administrator) and Cindy Duncan (Administrative Assistant Deputy) contacted Brad Cozza (Airport Director) to begin discussion of correcting the oversight of the Airport Authority not reviewing the certified payrolls for construction contracts for airport construction projects.

Auditor Mills is now confirming internal control processes that were discussed in late April with Director Cozza.

Auditor Mills is sending an email for Airport Authority Board President, Bill Frye, to approve and acknowledge that Director Cozza, Todd Clevenger (Grant Administrator) and/or Cindy Duncan (Administrative Assistant Deputy) be given authority to review and verify that the certified payroll documentation is correct to the best of our knowledge.

Auditor Mills will send a letter to Chris Snyder with Woolpert Engineering requesting that Certified Payroll documentation be sent to Director Cozza for review.

Director Cozza and Cindy Duncan will create a log to track the certified payroll information. Director Cozza will then present the certified payroll documentation to the Airport Authority Board at their meetings as projects are being done.

Anticipated Completion Date: This process will begin immediately.

Robin M Mills
(Signature)

Hamilton County Auditor
(Title)

May 29, 2019
(Date)

HAMILTON COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2019, with William H. Frye, President of the Airport Authority Board; Brad Cozza, Airport Director; Robin M. Mills, Treasurer; Dawn Coverdale, Chief Deputy Auditor; and Cindy Duncan, Administrative Assistant Deputy.