

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF HAMMOND

LAKE COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED
09/26/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Heather Garay	01-01-18 to 12-31-19
Mayor	Thomas M. McDermott, Jr.	01-01-18 to 12-31-19
President of the Board of Public Works and Safety	Stanley J. Dostatni Heather Garay	01-01-18 to 02-07-18 02-08-18 to 12-31-19
President of the Common Council	Janet Venecz Robert Markovich	01-01-18 to 12-31-18 01-01-19 to 12-31-19
Sanitary District Manager	Marty J. Wielgos	01-01-18 to 12-31-19
Sanitary District Business Manager	Rachel Montes	01-01-18 to 12-31-19
President of the Sanitary District Board of Commissioners	Sam Dimopoulos	01-01-18 to 12-31-19
Chief Executive Operator of the Water Utility	Edward Krusa	01-01-18 to 12-31-19
Water Utility Office Manager	Deborah L. Van Meter	01-01-18 to 12-31-19
President of the Water Works Board of Directors	Sharon M. Daniels	01-01-18 to 12-31-19
Director of the Port Authority	Milan A. Kruszynski	01-01-18 to 12-31-19
Chairman of the Port Authority Board of Directors	Jeffrey Smith Thomas Kuhn	01-01-18 to 12-31-18 01-01-19 to 12-31-19
Port Authority Financial Director	Richard A. Szany Julia Pustek	01-01-18 to 03-31-19 04-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

TO: THE OFFICIALS OF THE CITY OF HAMMOND, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Hammond (City), for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the City's financial statement and have issued our report thereon dated September 11, 2019, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

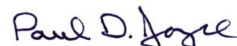
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

City of Hammond's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

September 11, 2019



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE CITY OF HAMMOND, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Hammond's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on CDBG - Entitlement Grants Cluster

As described in item 2018-003 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Reporting that are applicable to its CDBG - Entitlement Grants Cluster. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Qualified Opinion on CDBG - Entitlement Grants Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on CDBG - Entitlement Grants Cluster* paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the CDBG - Entitlement Grants Cluster for the year ended December 31, 2018.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2018.

Other Matters

The City's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-003, that we consider to be material weaknesses.


INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the City, as of and for the year ended December 31, 2018, and the related notes to the financial statement. We issued our report thereon dated September 11, 2019, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.


Paul D. Joyce, CPA
State Examiner

September 11, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF HAMMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants					
CDBG NSP3	Direct grant	14.218	B-11-MN-18-0006	\$ -	\$ 2,064
CDBG 2016			B-16-MC-18-0006	-	94,211
CDBG 2017			B-17-MC-18-0006	-	1,735,228
CDBG 2018			B-18-MC-18-0006	-	376,905
CDBG/108 Loan			B-15-MC-18-0006 (Section 108 Loan)	-	8,427,594
Total - CDBG - Entitlement Grants Cluster				-	10,636,002
Emergency Solutions Grant Program					
CDBG Emergency 2016	Direct grant	14.231	E-16-MC-18-0006	13,268	13,268
CDBG Emergency 2017			E-17-MC-18-0006	161,693	161,693
CDBG Emergency 2018			E-18-MC-18-0006	5,218	5,218
Total - Emergency Solutions Grant Program				180,179	180,179
Home Investment Partnerships Programs					
Home 2013	Direct grant	14.239	M-13-MC-18-0204	-	30,662
HOME 2014			M-14-MC-18-0204	-	139,142
HOME 2015			M-15-MC-18-0204	-	46,773
Home 2016			M-16-MC-18-0204	-	86,097
Home 2017			M-17-MC-18-0204	-	38,312
Home 2018			M-18-MC-18-0204	-	26,757
Total - Home Investment Partnerships Program				-	367,743
Total - Department of Housing and Urban Development				180,179	11,183,924
Department of Justice					
Equitable Sharing Program					
Federal Forfeiture Program	Direct grant	16.922	FY 2018	-	40,973
Total - Department of Justice				-	40,973
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
INDOT Match	Indiana Department of Transportation	20.205	DES#1297017	-	701,283
INDOT Match			DES#1382659	-	36,307
INDOT Match			DES#1500221	-	49,334
INDOT Match			DES#1500724	-	52,656
INDOT Match			DES#1601163	-	26,647
INDOT Match			DES#1601164	-	53,986
Total - Highway Planning and Construction Cluster				-	920,213
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	ICJI Grant ID 6634	-	93,392
Hammond PD FY 2018 OPO					
Alcohol Impaired Driving Countermeasures					
Incentive Grants I	Indiana Criminal Justice Institute	20.601	ICJI Grant ID 7090	-	51,019
Hammond PD Side-P					
Occupant Protection Incentive Grants					
Hammond Pedestrian and Bicycle Safety Grant	Indiana Criminal Justice Institute	20.602	ICJI Grant ID 6805	-	12,223
Total - Highway Safety Cluster				-	156,634
Total - Department of Transportation				-	1,076,847
Environmental Protection Agency					
Great Lakes Program					
2018 Nearshore Bird Mgmt Program - Phase 2	Indiana Department of Environmental Management	66.469	FY 2018	-	8,964
Beach Monitoring and Notification Program					
Implementation Grants	Indiana Department of Environmental Management	66.472	CU-04E73102	-	14,601
2018 Beach Monitoring Grant					
Total - Environmental Protection Agency				-	23,565
Department of Homeland Security					
Assistance to Firefighters Grant					
2016 Assistance to Firefighters Grant	Direct grant	97.044	EMW-2016-FO-01973	-	18,625
Total - Department of Homeland Security				-	18,625
Total federal awards expended				\$ 180,179	\$ 12,343,934

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HAMMOND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
CDBG - Entitlement Grants Cluster	Qualified
Highway Planning and Construction Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2017-001.

Condition and Context

The internal controls implemented by the City related to cash and investments, receipts, disbursements, and financial reporting were not effective. Furthermore, the internal controls were not monitored and evaluated for effectiveness.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cash and Investments (Bank Reconciliations) - City

The control over cash and investments and trust bank reconciliations was not effective and did not ensure that bank reconciliations were prepared and reviewed in a timely manner, or that reconciling items were corrected in a timely manner.

Reconciliations of the record balances to the depository balances were not prepared and reviewed in a timely manner. The City did make improvements after July 2018 for the City's operating bank accounts. The August 2018 reconciliations had 13 trust accounts and 2 checking accounts out of 41 of the City's active accounts that were not reconciled timely. The November 2018 reconciliations had 12 trust accounts that were not reconciled timely.

As of December 31, 2018, the City had accumulated reconciling adjustments to the payroll account, which had not been corrected. A \$16,065,281 transfer due from the payroll bank account to the general bank account had been carried since December 31, 2014. Additional reconciling items in the payroll account included accumulated balances, receipts and disbursements of payroll and payroll withholding amounts totaling \$19,971,736. The net effect on these reconciling items was a decrease in the balance of the payroll bank account of \$3,906,454.

As of December 31, 2018, the City's ledger balance was determined to be \$2,900,000 overstated when compared to the reconciled depository balance due to recording only one side of a bank to bank transfer.

Receipts, Disbursements, and Financial Reporting - City

The City implemented internal controls over cash and investments, receipts, disbursements, and financial reporting; however, the controls were not effective and did not ensure that transactions were properly and timely recorded in the ledgers and reported in the financial statement. The receipt of the Sportsplex project \$6,000,000 bond proceeds was posted four months late.

Journal Entries - City

Journal entries were posted to the financial system to account for debt proceeds, debt payments, and the related trust activity. Instead of posting the activity to a receipt or disbursement account number, the activity was posted directly to the fund balance account; therefore, the financial activity of the journal entries was not recorded in the Ledger of Receipts and Disbursements of the City, which is the basis of the financial statement. Receipts and disbursements activity posted directly to the fund balance totaled \$46,937,880 and \$48,920,203, respectively.

The journal entries posted as payments were not approved by the fiscal officer or the appropriate governing board at a public meeting as required by Indiana Code. Accounts Payable Vouchers were not created to support the payments as required by Indiana Code.

Eight journal entries totaling \$12,272,110 for trust activity receipts were posted four to six months after the trust transaction date. Of the 31 journal entries tested for bond payments, transfers, and trust activity, 26 journal entries totaling \$7,664,373 were not posted timely.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The trust activity per the trust statement did not agree to the receipts and disbursements reported in the financial statement for three of the trust funds. In Fund 341, Pot17Rf Escrow fund, the beginning cash and investment balance was understated by \$7,107,175, receipts were overstated by \$14,905,216, and disbursements were overstated by \$7,798,014. In Fund 438, 18A Prk Cap Int fund, receipts and disbursements were overstated by \$96,945. In Fund 426, GTW18A Bnd Pymt fund, receipts and disbursements were understated by \$4,656,336. Audit adjustments were proposed, approved by the City, and made to the financial statement.

Transfers - City

Controls were not effective over transfers between funds. Of the 83 transfers tested, 39 transfers totaling \$14,654,114 were not properly supported by an Accounts Payable Voucher (APV), as required by law. Additional audit procedures were performed to substantiate the amounts. In addition, 8 transfers totaling \$7,544,763 were not certified by the fiscal officer on the APV or register of APVs. Furthermore, 11 transfers totaling \$8,252,009 were not approved by the governing board. Transfers totaling \$11,917,751 were determined to not be posted timely.

Receipts, Disbursements, and Financial Reporting - Sanitary District

The Sanitary District implemented internal controls over receipts, disbursements, and financial reporting; however, the controls were not effective and did not ensure that transactions were properly reported in the financial statement.

The receipt and disbursements of \$22,011,655 of bond proceeds for the 2018A special taxing district refunding bond issue were not reported in the regulatory financial statement of the Sanitary District funds. The activity was recorded in the Sanitary District's ledgers six months after receipt. Additionally, 2018C special taxing district bond proceeds deducted for issuance costs totaling \$299,774 were not reported as receipts and disbursements in the regulatory financial statement of the Sanitary District funds. Audit adjustments were proposed, approved by the City, and made to the financial statement.

Disbursements - Sanitary District

The Payroll Manager was responsible for the entire payroll process and was able to make payroll rate changes in the computer system. A verification or review process to ensure that employees were paid from the correct fund and at the correct rate was not established. The Sanitary District instituted additional payroll processing procedures in 2019.

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:

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Control Activities

"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; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

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

Monitoring Activities

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

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](#)."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

The cash balance of a particular fund shall be determinable from comparison of the entries in the Ledger of Receipts, Disbursements and Balances which shall be balanced and reconciled with bank balances monthly. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 2)

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Cause

Management of the City had not established a proper and effective system of internal control that would have ensured accurate financial reporting. Management had not conducted a risk assessment related to the City's financial transactions and reporting.

Effect

The failure to establish a system of internal controls enabled material misstatements or irregularities to remain undetected for journal entries and Sanitary District receipt and disbursement activity. The failure to establish a system of internal controls over cash and investments, receipts, and disbursements could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the City at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner.

Views of Responsible Officials

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

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

Subject: CDBG - Entitlement Grants Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218
Federal Award Numbers and Years (or Other Identifying Numbers): B-16-MC-18-0006,
B-17-MC-18-0006,
B-18-MC-18-0006,
B-15-MC-18-0006 (Section 108 Loan)
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness

Condition and Context

The City had not designed or implemented effective controls to ensure that the suspension and debarment requirements were met. The lack of controls was a systemic issue 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 Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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

The City's management 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 placed the City at risk of noncompliance with the grant agreement and the suspension and debarment requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish a system of internal controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2018-003

Subject: CDBG - Entitlement Grants Cluster - Reporting
Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/Entitlement Grants
CFDA Number: 14.218
Federal Award Number (or Other Identifying Number): B-15-MC-18-0006 (Section 108 Loan)
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition and Context

The City had not designed or implemented adequate policies and procedures to ensure that the Section 108 Loan monthly reports were accurately prepared and submitted. There was no oversight, review, or monitoring process.

The City failed to prepare and submit the required monthly Section 108 Loan reports concerning the Guaranteed Loan Funds Account for all 12 months in the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

2 CFR 200.302 states in part:

". . . (b) The financial management system of each non-Federal entity must provide for the following (see also §§ 200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records): . . ."

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

The Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974 number B-15-MC-18-0006, Community Recreation and Wellness Center, dated August 2, 2016, states in Part II:

CITY OF HAMMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"1. Receipt, Deposit and Use of Guaranteed Loan Funds (b):

Borrower shall by the fifteenth day of each month, provide the Secretary with a written statement showing the balance of funds in the Guaranteed Loan Funds Account and the withdrawals from such account during the preceding calendar month and a statement identifying the obligations and their assignments in the Guaranteed Loan Funds Investment Account."

Cause

The City's management had not developed a system of internal controls that would have ensured compliance with the reporting requirements.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

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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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



Heather Garay, J.D.
Controller

CITY OF HAMMOND

September 4, 2019

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001 FINANCIAL TRANSACTIONS AND REPORTING

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Heather Garay, Controller

Contact Phone Number: 219-588-1143

Status of Audit Finding:

1. Cash and Investments:

- a. **City:** New control implementation completed in June 2019. The City created additional controls and further segregated duties related to bank and trust account reconciliation and reporting. As of June 2019, the process is as follows:
 - i. All bank and trust accounts are reconciled monthly as statements are received by the Bank and Trust Administrator.
 - ii. Trust activity:
 1. Upon receipt of the closing transcript and initial trust statements related to a new debt issued, the Controller or her designee creates the Bond Fund Schedule Summary (Summary) detailing the funds/accounts that must be set-up on the financial system. The Summary provides information related to debt including closing dates, bank accounts linked and details how each transaction will be booked on the system. Copies are given to staff involved in posting and reconciling trust activity.
 2. The Deputy Controller creates new funds and accounts on the financial system as directed by the Summary.
 3. Copies of the paper trust statements are given to the Bank and Trust Administrator when received. The originals are added to the bond binders by account by the Assistant/Compliance Clerk. The Bank and Trust Administrator reviews the statements and indicates activity to be booked using the Summary. This activity is given to the Budget and Reporting Administrator to be reviewed and entered on the financial system. Screen prints of the activity booked are given to the Bank and Trust Administrator for use in preparing the trust account reconciliation.
 - iii. The Controller meets with the Bank and Trust Administrator monthly to review all bank and trust account reconciliations and supporting documentation. Forms are signed by both parties before the reconciliations are uploaded to the Indiana Gateway.
 - iv. If adjustments are necessary, an amended bank reconciliation is prepared, reviewed, and submitted.
 - v. When preparing the Annual Financial Report, a report is run showing all journal entry activity. Because it was discovered after the 2018 AFR that corrections to JE's appear like true activity, this report will be reviewed by the Bank and Trust Administrator to verify true JE to be reported. This method will be used in preparation of the 2019 AFR. This activity will be booked and reviewed by separate individuals prior to final submission along with all other AFR activity.

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

2. Receipts, Disbursements, and Financial Reporting:

a. **City:**

- i. New control implementation completed in January 2019. The City created a new account index code for Non-Expenditure Transfers. Transfers within funds but between banks are booked under this index code. A report of activity for this index code will be used to exclude transfers that are not true receipts or disbursements when preparing the 2019 AFR.
- ii. New control implementation completed in June 2019. The City created additional controls and further segregated duties related to bank and trust account reconciliation and reporting. These controls are detailed in item No. 1, above.

b. **Port Authority:**

- i. New control implemented in September 2018. The Port Authority has created two new accounts within the AS400 financial software for bank-to-bank transfers. They are labeled as NonRev Transfers and NonExp Transfers. We have been implementing this change on transfers from our TrustIndiana account (03LM) to our Chase (03PA) accounts since September 2018.

3. Disbursements:

a. **Sanitary District:**

- i. New Control Implemented in June 2018. A second accounts payable employee began on June 2018. The Accounts Payable Clerk I enters purchase orders and prepares claims to be paid. The Accounts Payable Clerk II reviews the claims prior to the Business Manager's final review. Once the claims have been approved by the Board of Commissioners, the District Manager approves the claims for payment. After all the approvals are met, the Business Manager directs the Accounts Payable Clerk II to print checks.
COMPLETED June 2018.
- ii. New Control implementation is in progress. The payroll clerk was responsible for the entire payroll process and was able to make payroll rate changes in the computer system. The Sanitary District manager implemented a procedure to select up to 15 employees each pay period whose payroll records were audited by the accounting assistant. That audit did not include a verification of the pay distribution to the proper funds and accounts.

A second payroll clerk position was created and the payroll process has been modified as of May 2019. The Payroll Clerk enters all hours and rates into the accounting system. The Lead Payroll Clerk verifies all pay distribution to the proper funds and cost centers as reflected on the employee's timesheets compared to our accounting system's daily work window. The software does not contain a report that can print this information at this time. Once this review is done, the Payroll Clerk proceeds with calculating checks and prints the edit register report. The Lead Payroll Clerk then reviews the edit register report and timesheets for accuracy prior to the pay vouchers being printed and payroll upload being sent to the bank. Once the Payroll Clerk posts all payroll transactions, the Lead Payroll Clerk reviews the payroll summary and compares it to the check history register and the post checks to general ledger report from the accounting software for accuracy. The Lead Payroll Clerk then initials the payroll summary and turns it in to the Business Manager for final review and bank transfer. We are working on a method of verifying the payroll entries to the general ledger posted entries.

ESTIMATED COMPLETION DATE: December 2019

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

4. Financial Reporting:
 - a. **Water Utility:**
 - i. New control implemented in February 2019. The Annual Gateway Financial Statements were prepared by the Office Manager. Upon completion, the Financial Statements along with the supporting documents were given to the CEO to review. The CEO submitted the Financial Statements to the Board of Directors for final review and approval at the February 21, 2019 meeting. The Controller's Office was notified on February 22, 2019 that the Financial Statements were approved by the Water Board on February 21st and could be released for publishing.
5. Schedule of Expenditures of Federal Awards (SEFA):
 - a. **City:**
 - i. New controls implemented March 2018. All Departments must notify the Controller when applying for new grants. Copies of grant materials are maintained in the grant binder in the controller's office along with supporting documentation derived from the financial software system. Redevelopment, Port Authority, Sanitary District and Water Utility are responsible for reporting their own federal grant activity on the SEFA. They must send supporting documentation to the Controller's office for verification. The Controller works with other departments such as police, fire, engineering and parks to verify grant information and enters it on Gateway. All Gateway entries to the SEFA are checked by another member of the Controller's staff before final submission.



(Signature)
Controller

(Title)
9/4/2019

(Date)

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Heather Garay, J.D.
Controller

CITY OF HAMMOND

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Transportation

Contact Person Responsible for Corrective Action: Heather Garay, City Controller

Contact Phone Number: 219-853-6324

Status of Audit Finding:

In Progress. The City's engineering department is responsible for the monitoring of all INDOT grants. Although controls were in place to prevent the payment of claims outside of the allowable timeframe, there was no formal documentation that the specific grant period was monitored at each step of the reimbursement process. The controller met with the engineering department to develop a control plan which includes written documentation for grant Period of Performance monitoring. The new control plan for awarded INDOT grant monitoring is as follows:

- The Employee in Responsible Charge (ERC) submits the Request for Federal Authorization (FMIS) and Project End Date to the Metropolitan Planning Organization (MPO). The DES# for the project and the Project End Date is indicated on this request. The request also acknowledges that expenses incurred prior to receipt of the Notice to Proceed (NTP) are not reimbursable. The request is reviewed by the MPO and is submitted to INDOT upon concurrence by the MPO.
 - Anticipated Completion Date: Control was in place prior to audit year.
- INDOT issues the Notice to Proceed to the City and the City ERC issues LPA Notice to Proceed to the Consultant and submits a duplicate copy to the INDOT Program Manager at the Local District. The City's Engineering Clerk prepares a City Purchase Order in triplicate for approval by the City Engineer. Expenses of the project cannot be processed until the PO is entered on the City's accounting software system.
 - Anticipated Completion Date: Control was in place prior to audit year.
- The Engineering Clerk will indicate the Period of Performance on the City issued PO using the INDOT NTP date as the beginning of the Period of Performance and the Project End Date noted on the FMIS as the end of the Period of Performance. A copy of the PO will be attached to all related claims and the City Engineer will verify claims are submitted within the Period of Performance noted on the PO. The City Engineer's signature on the claim form will be documentation of this review.
 - Anticipated Completion Date: Control Implemented August 6, 2019.
- The Engineering Clerk tracks cumulative project expenditures on a spreadsheet by DES#.
 - Anticipated Completion Date: Control was in place prior to audit year.
- The Period of Performance will be indicated for each project on the spreadsheet for additional verification that expenses are incurred in the appropriate timeframe.
 - Anticipated Completion Date: Control Implemented August 6, 2019.



Heather Garay, J.D.
Controller

CITY OF HAMMOND

- INDOT claim vouchers are prepared under the direction of the City Engineer and approved by the ERC. A copy of the cancelled City-issued check is included with the voucher and is submitted to INDOT for reimbursement. The ERC will initial and date the copy of the cancelled check prior to submission to indicate he has verified the expense occurred in the Period of Performance.
 - Anticipated Completion Date: Control Implemented August 6, 2019.

(Signature)

Controller

(Title)

(Date)





Heather Garay, J.D.
Controller

CITY OF HAMMOND

September 11, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Heather Garay, City Controller
Contact Phone Number: 219-853-6324

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

A. Cash and Investments:

- i. The City had previously not prepared bank reconciliations for activity performed by the trustee in trust accounts held. After the conclusion of the FY 2017 State Board of Accounts audit in October 2018, the City began reconciling this activity along with all other operating bank accounts. The City started with the most recently issued bonds and then worked to include all existing bond trust accounts. Given the number of existing bonds and related trust accounts, this process took several months to complete. Trust account statements are now received from the trustee monthly for all accounts. The Bank and Trust Administrator indicates activity to post after receiving the prior month's statement. The Budget and Reporting Administrator reviews this information and books the activity on the financial software. The trust accounts are then reconciled monthly by the Bank and Trust Administrator and reviewed and signed by the Controller prior to uploading them to the Indiana Gateway submission portal by the monthly deadline. All trust statements and journal entry activity are maintained in binders in the Controller's office.

Anticipated Completion Date: Currently in place in September 2019.

- ii. Extensive work has been done in the past to attempt to understand this discrepancy that occurred prior to the current Controller and Deputy Controller, however we were unable to resolve the issue. The City will work with financial advisors and their current financial software company to make an adjustment to resolve the outstanding payroll issue from 2014. The City plans to update their financial software in the next year and will address this issues related to the sweep of the payroll account with the new vendor.

Anticipated Completion Date: May 2020





Heather Garay, J.D.
Controller

CITY OF HAMMOND

- iii. The City agreed to transfer \$2,900,000 in cash on hand to a new bank account in order to receive a reduction in interest rate for the 2018 HRC Installment Purchase Contract for the Sportsplex Project. This activity was incorrectly posted as an expenditure from the general fund rather than a bank to bank non-expenditure transfer. This error was detected by the Controller during a routine review of the bond accounts. The Deputy Controller worked with the City's financial software company (RDS) to correct this activity, however the correction implemented did not resolve the issue. This was also detected during review by the Controller. The City worked to resolve the issue with RDS, which required RDS to post activity from the back end of the financial software. This posting was not correctly posted to both sides of the activity. The Controller agreed to an adjustment in the financial statement to properly show this activity as it should have been posted originally. All must be reviewed by the Controller prior to posting in the future.

Anticipated Completion Date: October 2019

B. Receipts, Disbursements, and Financial Reporting

- i. The City had previously not prepared bank reconciliations for activity performed by the trustee in trust accounts held. After the conclusion of the FY 2017 State Board of Accounts audit in October 2018, the City began reconciling this activity along with all other operating bank accounts. The City started with the most recently issued bonds and then worked to include all existing bond trust accounts. Given the number of existing bonds and related trust accounts, this process took several months to complete. Trust account statements are now received from the trustee monthly for all accounts. The Bank and Trust Administrator indicates activity to post after receiving the prior month's statement. The Budget and Reporting Administrator reviews this information and books the activity on the financial software. The trust accounts are then reconciled monthly by the Bank and Trust Administrator and reviewed and signed by the Controller prior to uploading them to the Indiana Gateway submission portal by the monthly deadline. All trust statements and journal entry activity are maintained in binders in the Controller's office. The City engaged a financial advisor for assistance in establishing the procedure to post journal entry activity. The current financial software (RDS) is not widely used by municipalities and few advisors are familiar with the program. The City will change the procedure used to book activity for the trust accounts to mirror that of regular expenses. The City will develop a journal entry AP voucher to be used for approving this activity in the future.

Anticipated Completion Date: January 2020

- ii. The Controller and Deputy Controller detected multiple errors made by the former Receipt Manager. Receipts were not posted by this employee timely in violation of office procedures. These errors were addressed directly with this employee and ultimately she separated from the City. A new Receipt Manager was hired in 2019. She has been trained on office procedures and her work is regularly monitored by the Deputy Controller.

Anticipated Completion Date: Currently in place in 2019.

The trustee assigned to the several accounts changed during the audit period. Several trust account statements were not received timely by the Controller due to this change. The Controller contacted the trust bank and has since received all statements for all accounts and is receiving monthly statements timely. The Controller's Office staff responsible for booking trust activity will now date stamp all trust statements when they are receiving to document any that were not received timely.

Anticipated Completion Date: October 2019



Heather Garay, J.D.
Controller

CITY OF HAMMOND

- iii. The financial statement originally included journal entries that were not true activity but were corrections to journal entries. These corrections appeared to be true activity on the RDS report used to complete the financial statement and cause some trust funds to be overstated/understated. The Controller's office will use information gained from this audit to revise the procedures for booking trust activity going forward. These procedures will include booking trust activity in a way that will appear on both the receipt and disbursement ledgers and documentation of the Controller's review.

Anticipated Completion Date: November 2019

C. Transfers

The City has implemented controls to authorize for transfers between accounts in the gaming fund. A transfer request form is submitted by the Council member and Mayor to the Board of Public Works and Safety to track the appropriation transfers within various gaming funds. This control was put in place in 2018. Other transfers are made as a result of budgeted line-items in the gaming and other funds and Mayor's gaming annual spending plan. Supporting documentation related to these transfers was provided during the audit, however, claims were only made for the disbursements funded by the transfer, not the actual transfers. All transfers between funds will now require a claim so that documentation of approval and timeliness is made.

Anticipated Completion Date: November 2019

D. Receipts, Disbursements, and Financial Reporting – Sanitary District

- i. The Sanitary District will request a statement of activity from the trustee for each bond to ensure that all transactions are recorded properly in the regulatory financial statement and the GAAP financial statements.

Anticipated Completion Date: December 2019

E. Disbursements – Sanitary District


- i. The Sanitary District has put the following controls into place to verify that employees are paid from the correct fund and at the correct rate:
 - a. Transaction reports and check history reports are compiled for each pay period by department. Each department manager is reviewing these reports for accuracy regarding employee, department and pay rate.
 - b. The posting Expense to GL Report will be used by the administration department to verify that the payroll postings were posted to the correct general ledger accounts and cost centers.
 - c. General ledger reports for payroll accounts and the check history reports will be printed and reviewed on a monthly basis to ensure the payroll system is posting the payroll entries to the correct funds/accounts/categories.

Anticipated Completion Date: December 2019



Heather Garay, J.D.
Controller

CITY OF HAMMOND

(Signature) 
Controller

(Title) _____

(Date) 9/12/19





Thomas M. McDermott, Jr.
Mayor

DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF HAMMOND

AFRICA K. TARVER
Executive Director

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Africa Tarver, Director of Planning and Development
Contact Phone Number: 219-853-6508

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Staff will make sure that its policies and procedures are followed by verifying all SAM's documents with two signatures and/or initials to ensure that vendors that awarded agreements/contracts are not suspended or debarred. Documentation of this verification will be retained in project file folders.

Anticipated Completion Date: September 2019

(Signature)

Director of Planning and Development

(Title)

(Date)



Thomas M. McDermott, Jr.
Mayor

DEPARTMENT OF PLANNING AND DEVELOPMENT
CITY OF HAMMOND

AFRICA K. TARVER
Executive Director

CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Africa Tarver, Director of Planning and Development
Contact Phone Number: 219-853-6508

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Community Development division of the Planning and Development department worked closely with HUD representatives during the application and implementation stages of the Section 108 Loan. Upon notification from the HUD representative in 2019 that these filings needed to be submitted, the department submitted all bank reconciliation reports to the document trustee and 108Reports@hud.gov. Going forward, these reports will be submitted by the 15th of the month until the account is closed.

Anticipated Completion Date: September 2019



(Signature)

Director of Planning and Development

(Title)

Sept 11 2019

(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.