

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF KOKOMO

HOWARD COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/24/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Randall J. Morris Weston Reed	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Mayor	Gregory Goodnight Tyler Moore	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of the Board of Public Works and Safety	Randy McKay Weston Reed	01-01-19 to 12-31-19 01-01-20 to 12-31-20
President of the Common Council	Robert Hayes, Sr.	01-01-19 to 12-31-19



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 KOKOMO, HOWARD 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 Kokomo (City), for the year ended December 31, 2019, and the related notes to the financial statement, which collectively comprise the City's financial statement and have issued our report thereon dated August 17, 2020, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

August 17, 2020



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 KOKOMO, HOWARD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Kokomo'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, 2019. 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.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2019.

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)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these 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 item 2019-001, that we consider to be material weaknesses.

The City's response to the internal control over compliance finding 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.

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)

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, 2019, and the related notes to the financial statement. We issued our report thereon dated August 17, 2020, 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

August 17, 2020

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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 KOKOMO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

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 Commerce					
Economic Development Cluster Economic Adjustment Assistance EDA Revolving Loan	Direct Grant	11.307	FY2019	\$ -	\$ 1,165,269
Total - Economic Development Cluster				-	1,165,269
Total - Department of Commerce				-	1,165,269
Department of Housing and Urban Development					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants HUD CDBG 2015 HUD CDBG 2018 HUD-CDBG 2019	Direct Grant	14.218	B15-MC-18-0014 B18-MC-18-0014 B19-MC-18-0014	1,820 17,347 54,937	1,820 678,727 54,962
Total - Community Development Block Grants/Entitlement Grants				74,104	735,509
Total - CDBG - Entitlement Grants Cluster				74,104	735,509
Total - Department of Housing and Urban Development				74,104	735,509
Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program PO119 In Car Radar Grant	Indiana Criminal Justice Institute	16.738	2017-DJ-BX-0164	-	14,478
Edward Byrne Memorial Justice Assistance Grant Program PO317 2017 JAG Grant PO318 2018 JAG Grant	Direct Grant	16.738	2017-DJ-BX-0164 2018-DJ-BX-0857	- -	5,086 32,206
Total - Edward Byrne Memorial Justice Assistance Grant Program				-	51,770
Missing Children's Assistance PO218 ICAC PO-219 ICAC	Indiana Criminal Justice Institute	16.543	2017-MC-FX-K008 Amend #1 2017-MC-FX-K008 Amend #2	- -	6,367 9,194
Total - Missing Children's Assistance				-	15,561
Bulletproof Vest Partnership Program Bulletproof vest 50/50 partnership PO-5	Direct Grant	16.607	FY2018	-	350
Equitable Sharing Program Police Equitable Sharing Police Equitable Sharing	Direct Grant	16.922	DEA 2020 Distribution	- -	2,497 16,435
Total - Equitable Sharing Program				-	18,932
Total - Department of Justice				-	86,613
Department of Transportation					
Federal Transit Cluster					
Federal Transit Formula Grants FTA16 Federal Transit Formula Grant 2016 FTA17 Federal Transit Formula Grant 2017 FTA18 Federal Transit Formula Grant 2018	Direct Grant	20.507	IN-2016-034-00 IN-2017-013-00 IN-2018-015-01	- - -	59,010 383,071 715,516
Total - Federal Transit Formula Grants				-	1,157,597
Total - Federal Transit Cluster				-	1,157,597

CITY OF KOKOMO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

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
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Markland from Washington to Apperson-Construction Inspection Eng			DES NO 1401820	-	192,704
Markland & Park Construction Engineer			DES NO 1006003	-	2,622
Nickel Plate Tr Construction Eng			DES NO 1172473	-	111,258
Lincoln Preliminary Engineering			DES NO 1401818	-	85,734
Lincoln Construction Engineering			DES NO 1401818	-	51,540
Lincoln-Right of Way			DES NO 1401818	-	111,540
Markland & SR 22			DES NO 1401820	-	13,685
Total - Highway Planning and Construction				-	569,083
Total - Highway Planning and Construction Cluster				-	569,083
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
PO419 Non-Motorist Grantt			69A37519300004020IN0	-	7,182
Operation Pull Over Enforcement Grant			OP-2019-02-00-00	-	19,283
Total - State and Community Highway Safety				-	26,465
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616			
PO419A Distracted Driving Grant			DDE-2019-00001	-	4,574
Total - Highway Safety Cluster				-	31,039
Airport Improvement Program	Direct Grant	20.106			
AI27 Taxiway C&D Rehab-Repacage/Construction			3-18-0044-027-2018	-	46,800
AI28 14/32 Rehab-Design			3-18-0044-028-2019	-	70,718
AI26 Rehab & New Construction of Taxiway C			3-18-0044-26	-	66,190
Total - Airport Improvement Program				-	183,708
Total - Department of Transportation				-	1,941,427
<u>Environmental Protection Agency</u>					
Brownfields Assessment and Cleanup Cooperative Agreements	Direct Grant	66.818			
Brownfield Revolving Loan			BF-00E01364	-	238,510
Brownfield Grant			BF-00E01545	-	7,441
Total - Brownfields Assessment and Cleanup Cooperative Agreements				-	245,951
Total - Environmental Protection Agency				-	245,951
<u>Department of Health and Human Services</u>					
Aging Cluster					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	Area 5 on Aging & Community Services	93.044			
Title III part B Area 5			2018/2019	-	17,381
Total - Aging Cluster				-	17,381
Total - Department of Health and Human Services				-	17,381
Total federal awards expended				\$ 74,104	\$ 4,192,150

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

CITY OF KOKOMO
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, 2019. 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 the 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 KOKOMO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Note 3. Calculation of Economic Development Cluster Expenditures on the SEFA

The reported expenditures were calculated as follows in accordance with guidance by the grantor:

Revolving Loan Fund (RLF):		
Outstanding loans as of December 31, 2019	\$ 208,982	
Cash and Investments as of December 31, 2019	1,130,677	
Administrative expenses paid out of RLF income during 2019	25	
Unpaid principal on loans written off during 2019	<u>-</u>	
Subtotal		<u>1,339,684</u>
Calculation of Federal Participation Rate (FPR):		
Original grant	500,000	
Original match (In-Kind)	<u>74,839</u>	
Subtotal		<u>574,839</u>
FPR - Original grant awarded divided by total including original match		<u>86.98%</u>
Expenditures reported on the SEFA		<u>\$ 1,165,269</u>

Note 4. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2019. These loan balances outstanding are also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2019
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	\$ 237,500

CITY OF KOKOMO
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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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>
Economic Development Cluster	Unmodified
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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

Subject: Highway Planning and Construction Cluster
 Federal Agency: Department of Transportation
 Federal Program: Highway Planning and Construction
 CFDA Number: 20.205
 Federal Award Number and Year (or Other Identifying Number): DES NO 1401818
 Pass-Through Entity: Indiana Department of Transportation
 Compliance Requirement: Period of Performance
 Audit Findings: Material Weakness, Other Matters

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

Condition and Context

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 Period of Performance compliance requirement.

The City had not implemented adequate internal controls to ensure that expenditures that made up the LPA Invoice Vouchers were for work that was performed after the Notice To Proceed (NTP) date received by the pass-through agency.

The City did not comply with the Period of Performance compliance requirement in two of the five expenditures tested. The work performed included expenditures that were before the NTP date.

The lack of controls and noncompliance were isolated to the LPA Invoice Vouchers identified above.

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 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 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

Cause

The City's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

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

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Jon Pyke
Contact Phone Number: 765-432-5367

Views of Responsible Official:

We concur with the above referenced finding. When the error in the finding happened, I, as the person responsible for claiming reimbursement, used the date of the invoice with respect to the date on the INDOT Purchase order to determine compliance. The invoice listed in the finding was received after the March 1 date on the PO, it was overlooked that the service dates occurred prior to the INDOT Notice to Proceed as well as the Notice to Proceed from the City to the consultant.

Once the SBOA Auditor informed me of the error, I communicated with INDOT and informed them of the error. To date, I have not heard back from INDOT on any corrective action required. As this process is very “checklist oriented” and controlled by INDOT, we are somewhat limited to the actions as directed by INDOT opposed to correcting this specific problem internally.

Description of Corrective Action Plan:

Corrective Action (Internally): As a result of this finding, we have implemented a new check in the process. As discussed above, the “Notice to Proceed” was assumed to be the same date as the INDOT Purchase Order. It is now required to have not only the INDOT PO but also the INDOT to City as well as the City to Consultant Notice to Proceed letters prior to even paying the first invoice on an INDOT Grant Project. This allows several options to clarify any issues with the service dates with the consultant PRIOR to filing for reimbursement.

Anticipated Completion Date: We have already implemented this into our current projects running and it has already proved to be a benefit to the process.

Corrective Action (Specific to DES No. 1401818): We are awaiting clarification from INDOT on how best to correct the error made, as they are the controlling agency when it comes to FHWA federal funding. One possible solution is to retroactively apply that invoice to the Preliminary Engineering PO, the NTP of which pre-dates the Construction Engineering NTP. The work performed prior to the NTP is an allowable expense on the Preliminary Engineering PO and would have been the solution had the error been detected when the invoice was received. A secondary solution is to obtain an itemized listing of the

dates work was performed by the consultant prior to the Notice to Proceed and return the reimbursement we received for the work performed prior to the NTP. In either case, INDOT will need to approve both the concept and process required to effect the corrective action.

Anticipated Completion Date: INDOT has already been contacted and the first option, discussed above, proposed for their consideration. We have yet to hear whether the proposal is acceptable, but they have indicated they are discussing it internally to find a solution. At times, it takes several months to coordinate doing anything outside the “checklist process” prescribed by INDOT but we fully expect to correct the issue prior to end of the year.

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/>.