

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
11/30/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Leslie A. Ellis	01-01-19 to 12-31-20
Mayor	Duke A. Bennett	01-01-19 to 12-31-20
President of the Board of Public Works	Jonathon Stinson	01-01-19 to 12-31-20
President of the Common Council	Martha Crossen George Azar	01-01-19 to 12-31-19 01-01-20 to 12-31-20
Wastewater Utility Director	Debra Padgett	01-01-19 to 12-31-20



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 TERRE HAUTE, VIGO 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 Terre Haute (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 September 18, 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 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 2019-001, that we consider to be material weaknesses.

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 County'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 2019-001.

City of Terre Haute'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 18, 2020, except for the Schedule of Expenditures
of Federal Awards, for which the date is October 28, 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 TERRE HAUTE, VIGO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the City of Terre Haute'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)

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 2019-002, that we consider to be material weaknesses.

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.

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 September 18, 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

October 28, 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 TERRE HAUTE
 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
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants CDBG Block Grant 2019	Direct Grant	14.218	B-19-MC-19-0012	\$ -	\$ 1,507,210
Total - Community Development Block Grants/Entitlement Grants				-	1,507,210
Total - CDBG - Entitlement Grants Cluster				-	1,507,210
Home Investment Partnerships Program					
2018 Grant	Direct Grant	14.239	M-18-MC-18-0211	-	791,046
Total - Home Investment Partnerships Program				-	791,046
Total - Department of Housing and Urban Development				-	2,298,256
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program SRT Ballistic Helmet Purchase	Direct Grant	16.738	0306-0000-00-330	-	15,703
Equitable Sharing Program Equitable Sharing	Direct Grant	16.922	IN0840100	-	64,616
Total - Department of Justice				-	80,319
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction Margaret Avenue 14th Street to 25th Street Lafayette Ave From Fort Harrison Road to Haythorn Ave Phase 2	Indiana Department of Transportation	20.205	DES 1298689 DES 1401325	-	714,914
				-	81,288
Total - Highway Planning and Construction				-	796,202
Total - Highway Planning and Construction Cluster				-	796,202

CITY OF TERRE HAUTE
 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
Federal Transit Cluster					
Federal Transit Formula Grants	Direct Grant	20.507			
Terre Haute Transit-Operating Grant			IN-2018-007-01	-	180,896
Terre Haute Transit Capital Grant			IN-2019-007-01	-	49,367
Terre Haute Transit Operating Grant			IN-2019-007-02	-	680,065
Terre Haute Transit-Capital Grant			IN-2019-008-00	-	133,986
Total - Federal Transit Formula Grants				-	1,044,314
Total - Federal Transit Cluster				-	1,044,314
Highway Safety Cluster					
State and Community Highway Safety Operation Pullover	Direct Grant	20.600	9204020IN16	-	57,036
Total - State and Community Highway Safety				-	57,036
Total - Highway Safety Cluster				-	57,036
Total - Department of Transportation				-	1,897,552
Department of Homeland Security					
Homeland Security Grant Program Lenco Rescue Vehicle	Indiana Department of Homeland Security	97.067	28932	-	100,000
Staffing for Adequate Fire and Emergency Response (SAFER) Fire Safer Grant 2017	Direct Grant	97.083	EMW-2015-FH-00414	-	392,247
Total - Department of Homeland Security				-	492,247
Total federal awards expended				\$ -	\$ 4,768,374

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

CITY OF TERRE HAUTE
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 TERRE HAUTE
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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
97.067	Highway Planning and Construction Cluster Federal Transit Cluster Homeland Security Grant Program	Unmodified Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2019-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-002.

Condition and Context

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The SEFA presented for audit contained the following errors:

1. The Community Development Block Grants/Entitlement Grants expenditures were understated by \$1,504,721.
2. The Home Investment Partnerships Program was omitted, which understated expenditures by \$791,046.
3. The Equitable Sharing Program expenditures were overstated by \$28,276.
4. The Highway Planning and Construction expenditures were understated by \$74,062.
5. The State and Community Highway Safety expenditures were overstated by \$18,625.
6. The Homeland Security Grant Program was omitted, which understated expenditures by \$100,000.
7. Several program names, CFDA numbers, and award numbers were reported incorrectly.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

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:

"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. . . ."

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management of the City had not established a system of internal controls that would have ensured proper reporting of the SEFA.

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-002

Subject: Federal Transit Cluster - Procurement

Federal Agency: Department of Transportation

Federal Program: Federal Transit Formula Grants

CFDA Number: 20.507

Federal Award Numbers and Years (or Other Identifying Numbers): IN-2018-007-01, IN-2019-007-01,
IN-2019-007-02, IN-2019-008-00

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-003.

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 Procurement and Suspension and Debarment compliance requirement. There were no internal controls to ensure compliance with the small purchases requirements.

The lack of controls over small purchases 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 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). . . ."

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The City's management had not developed a system of internal controls in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City establish and implement internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment 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.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**CITY OF
TERRE HAUTE
OFFICE OF THE
CITY CONTROLLER**

City Hall
17 Harding Avenue
Terre Haute, IN 47807

Phone: 812.235-8101
Fax: 812.235.8102

www.terrehaute.IN.gov

LESLIE ELLIS
City Controller

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2014

Status of Audit Finding:

Corrected

FINDING 2018-002

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding:

The employee who tracked all grants for the City left employment in 2019. This position was not filled until 2020. The new employee will track all federal grants. Grants will now be monitored throughout the year by tracking all receipts, disbursements and regulatory information. This information will be reconciled with each department at year end and entered into the Annual Financial Report. The City Controller will review and verify all grant information entered into the Gateway system.





SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: The 2018 audit was done late in 2019, Transit was not able to correct its invoices for 2019. Transit will not be able to prove the rationale and quotes from sources due to lack of documentation. Transit did review its 2019 invoices and made notes on the invoices. Effective 2020, Transit will use the **MICRO-PURCHASE: FAIR AND REASONABLE PRICE SAMPLE DETERMINATION FORM** for all small purchases under \$10,000. For small purchases above \$10,000 Transit will use the **CITY OF TERRE HAUTE PRICE/RATE QUOTATION FORM**, getting at least three quotes from qualified sources. As stated in Transit's Procurement Manual. The transportation Director will review all purchases and sign off before purchase is made.

FINDING 2018-004

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: Transit updated its Grant Administration controls. The Transportation Director will be responsible for submitting the annual FFR, the office manager will be responsible for reviewing the FFR against the quarterly drawdowns for oversights, sign off, and file before the FFR is submitted in the TrAMs by the transportation director, effective 2020



CORRECTIVE ACTION PLAN

**CITY OF
TERRE HAUTE
OFFICE OF THE
CITY CONTROLLER**

City Hall
17 Harding Avenue
Terre Haute, IN 47807

Phone: 812.235-8101
Fax: 812.235.8102

www.terrehaute.IN.gov

LESLIE ELLIS
City Controller

FINDING 2019-001

Contact Person Responsible for Corrective Action: Leslie Ellis
Contact Phone Number: 812-244-2363

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

A Senior Financial Analyst was hired in 2020 who is designated to gather and track all grant information. At year end the Senior Financial Analyst will reconcile and enter all grant information into the Gateway system. The City Controller will review all grant documents and verify the information entered into the Gateway Annual Financial Report is correct before final submission.

Anticipated Completion Date: March 1, 2020





CORRECTIVE ACTION PLAN

CITY OF
TERRE HAUTE
OFFICE OF THE
CITY CONTROLLER

FINDING 2019-002 Procurement and Suspension and Debarment

City Hall
17 Harding Avenue
Terre Haute, IN 47807

Contact Person Responsible for Corrective Action: Debbie Hensley
Contact Phone Number: 812-235-0109

Phone: 812.235-8101
Fax: 812.235.8102

Views of Responsible Official: We concur with the finding

www.terrehaute.IN.gov

Description of Corrective Action Plan:

LESLIE ELLIS
City Controller

For an effective internal control system the purchasing agent shall maintain records detailing the history of each FTA associated procurement. These records shall be placed in the master and include:

- Rationale for the method of procurement
- Selection of contract type
- Reason for contractor selection or rejection
- The basis for the contract price

Anticipated Completion Date: January 1, 2020



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/>.