

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF DECATUR

ADAMS COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
03/16/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Phyllis J. Whitright	01-01-20 to 12-31-22
Mayor	Daniel L. Rickord	01-01-20 to 12-31-22
President of the Board of Public Works and Safety	Daniel L. Rickord	01-01-20 to 12-31-22
President Pro Tempore of the Common Council	Matthew J. Dyer	01-01-20 to 12-31-22
Utilities Auditor	Kevin Hackman	01-01-20 to 12-31-22



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 DECATUR, ADAMS 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 Decatur (City), for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City's financial statement and have issued our report thereon dated March 2, 2022, 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 2, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 DECATUR, ADAMS COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the City of Decatur's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2020. The City's major federal program is 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 the City's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the 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 major federal program for the year ended December 31, 2020.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 items 2020-002, 2020-003, and 2020-004. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 2020-001, 2020-002, 2020-003, and 2020-004, 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 THE 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, 2020, and the related notes to the financial statement. We issued our report thereon dated March 2, 2022, 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.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 2, 2022

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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.

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CITY OF DECATUR
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction 5 Points Project	Indiana Department of Transportation	20.205	DES #1600708	\$ -	\$ 33,967
Total - Highway Planning and Construction Cluster				-	33,967
<u>Highway Safety Cluster</u>					
State and Community Highway Safety CHIRP-Traffic Safety Division Grant	Indiana Criminal Justice Institute	20.600	CHIRP-2020-00029	-	13,695
Total - Highway Safety Cluster				-	13,695
Total - Department of Transportation				-	47,662
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund COVID-CARES Relief Fund	Indiana Finance Authority	21.019	FY 2020	-	319,344
Total - Department of the Treasury				-	319,344
<u>Department of Homeland Security</u>					
Building Resilient Infrastructure and Communities 2017-1 PDM Acquisition Grant 2017-2 PDM Acquisition Grant 2017 Evergreen Flood Mitigation Grant	Indiana Department of Homeland Security	97.047	EMC-2018-PC-0007 EMC-2018-PC-0007 EMC-2018-PC-0007	- - -	572,524 457,193 95,326
Total - Building Resilient Infrastructure and Communities				-	1,125,043
Total - Department of Homeland Security				-	1,125,043
Total federal awards expended				\$ -	\$ 1,492,049

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

CITY OF DECATUR
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, 2020. 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 DECATUR
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 program:	
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 Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
97.047	Building Resilient Infrastructure and Communities	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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-001

Subject: Building Resilient Infrastructure and Communities - Internal Controls
 Federal Agency: Department of Homeland Security
 Federal Program: Building Resilient Infrastructure and Communities
 Assistance Listings Number: 97.047
 Federal Award Number and Year (or Other Identifying Number): EMC-2018-PC-0007
 Pass-Through Entity: Indiana Department of Homeland Security
 Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking
 Audit Finding: Material Weakness

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

Condition and Context

An effective internal control system was not in place at the City to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Matching, Level of Effort, Earmarking compliance requirements.

The City had not established internal controls, which would have included segregation of duties, related to In-Kind costs charged to the program. The Grant Administrator calculated the In-Kind costs without any oversight or review process in place.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Matching, Level of Effort, Earmarking compliance requirements.

Effect

The failure to establish an effective internal control system, which would have included segregation of duties, placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish a system of internal control, including segregation of duties, to ensure compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Matching, Level of Effort, Earmarking compliance requirements.

Views of Responsible Officials

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

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

FINDING 2020-002

Subject: Building Resilient Infrastructure and Communities - Cash Management
Federal Agency: Department of Homeland Security
Federal Program: Building Resilient Infrastructure and Communities
Assistance Listings Number: 97.047
Federal Award Number and Year (or Other Identifying Number): EMC-2018-PC-0007
Pass-Through Entity: Indiana Department of Homeland Security
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system was not in place at the City to ensure compliance with the grant agreement and the Cash Management compliance requirement.

The City had not implemented adequate policies or procedures to ensure that all amounts reimbursed were paid timely. The Grant Administrator completed the reimbursement requests without an oversight or review by the City. Of the 15 property purchases tested, 7, spanning six reimbursement requests, were not completed until between 15 and 183 days after the receipt of the reimbursement.

The lack of internal controls and noncompliance were systemic issues which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal 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 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. . . ."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the grant agreement and the Cash Management compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the Cash Management compliance requirement 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 a system of internal control to ensure compliance and comply with the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

FINDING 2020-003

Subject: Building Resilient Infrastructure and Communities - Suspension and Debarment
Federal Agency: Department of Homeland Security
Federal Program: Building Resilient Infrastructure and Communities
Assistance Listings Number: 97.047
Federal Award Number and Year (or Other Identifying Number): EMC-2018-PC-0007
Pass-Through Entity: Indiana Department of Homeland Security
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system was not in place at the City to ensure compliance with the requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The City had not designed or implemented adequate policies or procedures to ensure that covered transactions with vendors exceeding \$25,000 were neither suspended nor debarred in accordance with the applicable compliance requirements for the federal grant. For one of two vendors that met the suspension and debarment requirement, the City did not verify that the vendor was not suspended or debarred from participation in federal award programs.

The noncompliance was isolated to a single vendor during the audit period, and the lack of internal controls was a systemic issue throughout the audit period.

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

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 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the Procurement and Suspension and Debarment compliance requirement 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 a system of internal control to ensure compliance and comply 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.

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

FINDING 2020-004

Subject: Building Resilient Infrastructure and Communities - Reporting
Federal Agency: Department of Homeland Security
Federal Program: Building Resilient Infrastructure and Communities
Assistance Listings Number: 97.047
Federal Award Number and Year (or Other Identifying Number): EMC-2018-PC-0007
Pass-Through Entity: Indiana Department of Homeland Security
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition and Context

An effective internal control system was not in place at the City to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The City had not designed or implemented adequate policies or procedures to ensure amounts reported on the Quarterly Monitoring reports were supported by the City's records. The Grant Administrator completed the reports without any oversight or review by the City. For three of four reports tested, the City could not provide adequate supporting documentation or a reconciliation between the reports and the ledger for the expenditures reported.

The lack of internal controls and noncompliance were systemic issues which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal 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 §§ 200.334, 200.335, 200.336, and 200.337): . . .

(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 §§ 200.328 and 200.329. . . ."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the grant agreement or the Reporting compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the Reporting compliance requirement 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 a system of internal control 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 DOCUMENT

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

City of Decatur
172 N 2nd Street
Decatur, IN 46733
(260)724-4307
pwhitright@decaturin.org



Phyllis J. Whitright, Clerk-Treasurer

FINDING 2020-001

March 1, 2022

State Board of Accounts
302 W. Washington St. Rm E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit Results and Comments
Audit Period January 1, 2020 to December 31, 2020

To Whom It May Concern:

The City of Decatur wishes to respond to the comments made by the State Board of Accounts during their examination and audit of the year 2020.

In response to the internal controls, which would include segregation of duties, relating to In-Kind costs charged to the flood mitigation grants. The Maumee River Basin Commission (MRBC), a State Agency was hired to assist the City with administrative duties, on behalf of the City, the grant administrator calculates the In-Kind cost for the City of Decatur.

We concur with the finding, and from the date of this letter, for better internal controls the Clerk-Treasurer will oversee and review the calculations for in-kind services with the Grant Administrator.

Respectfully submitted,

Phyllis J. Whitright
Clerk-Treasurer
City of Decatur, Indiana

City of Decatur
172 N 2nd Street
Decatur, IN 46733
(260)724-4307
pwhitright@decaturin.org



Phyllis J. Whitright, Clerk-Treasurer

FINDING 2020-002

March 1, 2022

State Board of Accounts
302 W. Washington St. Rm E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit Results and Comments
Audit Period January 1, 2020 to December 31, 2020

To Whom It May Concern:

The City of Decatur wishes to respond to the comments made by the State Board of Accounts during their examination and audit of the year 2020.

In response to cash management for procedures to ensure that all amounts reimbursed were paid timely. The Maumee River Basin Commission (MRBC), a State Agency was hired to assist the City with administrative duties. Reimbursement request were emailed to the Indiana Department of Homeland Security (IDHS) and carbon copied to the Clerk-Treasurer of the City of Decatur.

We concur with the finding, and from the date of this letter, for better procedures to ensure that all reimbursements are completed timely, the Clerk-Treasurer has advised the grant administrator that all reimbursement requests must be emailed to her first for review and approval before submitting the request to the IDHS.

Respectfully submitted,

Phyllis J. Whitright
Clerk-Treasurer
City of Decatur, Indiana

City of Decatur
172 N 2nd Street
Decatur, IN 46733
(260)724-4307
pwhitright@decaturin.org



Phyllis J. Whitright, Clerk-Treasurer

FINDING 2020-003

March 1, 2022

State Board of Accounts
302 W. Washington St. Rm E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit Results and Comments
Audit Period January 1, 2020 to December 31, 2020

To Whom It May Concern:

The City of Decatur wishes to respond to the comments made by the State Board of Accounts during their examination and audit of the year 2020.

In response to suspension and debarment. The Clerk-Treasurer was not aware of the requirement that all vendors who receives federal funds that exceeds \$25,000 had to be verified that they are not suspended or debarred in participating in a federal award program.

We concur with the finding, and from the date of this letter, the Clerk-Treasurer will verify that all vendor(s) are not suspended or debarred from participating in a federal award program.

Respectfully submitted,

Phyllis J. Whitright
Clerk-Treasurer
City of Decatur, Indiana

City of Decatur
172 N 2nd Street
Decatur, IN 46733
(260)724-4307
pwhitright@decaturin.org



Phyllis J. Whitright, Clerk-Treasurer

FINDING 2020-004

March 1, 2022

State Board of Accounts
302 W. Washington St. Rm E418
Indianapolis, IN 46204-2765

RE: Official Response to Audit Results and Comments
Audit Period January 1, 2020 to December 31, 2020

To Whom It May Concern:

The City of Decatur wishes to respond to the comments made by the State Board of Accounts during their examination and audit of the year 2020.

In response to reporting. The Maumee River Basin Commission (MRBC), a State Agency was hired by the City of Decatur to help with administrative services for the flood mitigation grants. The grant administrator prepared quarterly reports to the Indiana Department of Homeland Security (IDHS) and sent them by email to IDHS, and carbon copied the Clerk-Treasurer.

We concur with the finding, and from the date of this letter, the Clerk-Treasurer has notified the grant administrator that all quarterly reports with supporting documents need to be reviewed by the Clerk-Treasurer first for review and approval before emailing the reports to the IDHS.

Respectfully submitted,

Phyllis J. Whitright
Clerk-Treasurer
City of Decatur, Indiana

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/>.