

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF EAST CHICAGO

LAKE COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**

08/19/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Valeriano Gomez	01-01-21 to 12-31-22
Mayor	Anthony Copeland	01-01-21 to 12-31-22
President of the Board of Public Works	Valeriano Gomez	01-01-21 to 12-31-22
President of the Common Council	Emiliano Perez (Vacant) Robert Garcia Monica G. Gonzalez	01-01-21 to 09-03-21 09-04-21 to 09-07-21 09-08-21 to 12-31-21 01-01-22 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 EAST CHICAGO, LAKE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of East Chicago (City), for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City's financial statement and have issued our report thereon dated August 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.

***Report on 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) as a basis for designing 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)

***Report on 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

August 2, 2022



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 EAST CHICAGO, LAKE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of East Chicago'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, 2021. 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.

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, 2021.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

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)

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***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 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. 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.

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**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, to be material weaknesses.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other 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, 2021, and the related notes to the financial statement. We issued our report thereon dated August 2, 2022, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed 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

August 2, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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CITY OF EAST CHICAGO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2021

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Assistance Listings Number	Pass-Through Entity (Or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Grants				
Section 8 Project-Based Cluster				
Section 8 Housing Assistance Payments Program	14.195	IN36L000278 & IN36M000280	\$ -	\$ 726,485
Total for cluster			-	726,485
Direct Grants				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-180004	-	18,976
		B-18-MC-180004	602	149,056
		B-19-MC-180004	70,889	505,742
		B-20-MC-180004	3,900	102,599
		B-21-MC-180005	-	41,689
Subtotal - Community Development Block Grants/Entitlement Grants			75,391	818,062
COVID-19 - Community Development Block Grants/Entitlement Grants				
COVID-19 - Community Development Block Grants/Entitlement Grants		B-20-MW-180004	-	4,565
Total for cluster			75,391	822,627
Direct Grants				
HOME Investment Partnerships Program	14.239	M-15-MC-180210	-	3,210
		M-18-MC-180210	-	15,113
		M-19-MC-180210	-	15,512
Total for program			-	33,835
Total for federal grantor agency			75,391	1,582,947
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grants				
Equitable Sharing Program	16.922	CY 2021	-	25,368
Total for federal grantor agency			-	25,368

CITY OF EAST CHICAGO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2021

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Assistance Listings Number	Pass-Through Entity (Or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	DES#0900064 DES#1601146	- -	137,161 <u>75,260</u>
Total for Program			-	<u>212,421</u>
Pass-Through Indiana Department of Natural Resources Recreational Trails Program	20.219	RT-17-005	-	<u>20,000</u>
Total for cluster			-	<u>232,421</u>
Pass-Through Northwestern Indiana Regional Planning Commission Federal Transit Cluster Federal Transit Formula Grants	20.507	IN-2017-027 IN-2018-026 IN-2019-030 IN-2020-039	- - - -	775 135,787 138,624 <u>61,026</u>
Subtotal - Federal Transit Formula Grants			-	<u>336,212</u>
COVID-19 - Federal Transit Formula Grants		IN-2020-014	-	<u>139,001</u>
Total for cluster			-	<u>475,213</u>
Total for federal grantor agency			-	<u>707,634</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Pass-Through Indiana State Department of Health COVID-19 - Coronavirus Relief Fund	21.019	CARES Act/44731	-	<u>84,319</u>
Direct Grants COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARP Act	-	<u>1,250,998</u>
Total for federal grantor agency			-	<u>1,335,317</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Drinking Water State Revolving Fund Cluster Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW16164505	-	<u>268,828</u>

CITY OF EAST CHICAGO  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2021

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Assistance Listings Number	Pass-Through Entity (Or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Pass-Through Indiana State Department of Environmental Management Beach Monitoring and Notification Program Implementation Grants	66.472	CU-10E73102/53745	-	21,630
Total for federal grantor agency			-	290,458
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Indiana State Department of Health Public Health Emergency Preparedness Preparedness (PHEP) Cooperative Agreement	93.069	NU90TP922052/43898 BASE NU90TP922052/43898 CRI 6NU90TP922052/55597 BASE 6NU90TP922052/55597 CRI	- - - -	8,441 1,610 25,000 10,963
Total for Program			-	46,014
Immunization Cooperative Agreements Immunization and Vaccines for Children & ELC Enhancing Detection Total for Program	93.268	NH23IP922631/44731	- -	26,808 26,808
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Total for Program	93.323	NU50CK000503/44731 NU50CK000503/55431	- -	4,403 14,241 18,644
Total for federal grantor agency			-	91,466
Total federal awards expended			\$ 75,391	\$ 4,033,190

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

CITY OF EAST CHICAGO  
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, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

*B. Other Significant Accounting Policies*

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

**Note 2. Indirect Cost Rate**

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

CITY OF EAST CHICAGO  
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:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.027	CDBG - Entitlement Grants Cluster COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	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**

No matters are reportable.

CITY OF EAST CHICAGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2021-001**

Subject: CDBG - Entitlement Grants Cluster - Special Tests and Provisions - Environmental Reviews

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

Assistance Listings Number: 14.218

Federal Award Numbers and Years (or Other Identifying Numbers): B-17-MC-180004, B-18-MC-180004,  
B-19-MC-180004, B-20-MC-180004,  
B-21-MC-180005

Compliance Requirement: Special Tests and Provisions - Environmental Reviews

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 Special Tests and Provisions - Environmental Reviews compliance requirement.

For the two projects selected for testing, the City did not maintain written determination for activities that were exempt from an environmental review. Despite the lack of written determination, it was determined the reason for the lack of the review was consistent with the criteria contained in 24 CFR 58.34 and 58.35(b).

The lack of effective internal controls and noncompliance was a systemic issue that 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 awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

24 CFR 58.22(b) states:

"If a project or activity is exempt under § 58.34, or is categorically excluded (except in extraordinary circumstances) under § 58.35(b), no RROF is required and the recipient may undertake the activity immediately after the responsible entity has documented its determination as required in § 58.34(b) and § 58.35(d), but the recipient must comply with applicable requirements under § 58.6."

CITY OF EAST CHICAGO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not established a system of internal control that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Environmental Reviews compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the City in noncompliance with the grant agreement and the Special Tests and Provisions - Environmental Reviews compliance requirement. Noncompliance with the grant agreement or the 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 with the Special Tests and Provisions - Environmental Reviews 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.



# *City of East Chicago*

*Administrative Services Division*

*4525 Indianapolis Blvd. East Chicago, Indiana 46312*

*Phone: (219) 391-8220*

*Facsimile: (219) 391-8223*

*Anthony Copeland*  
*Mayer*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-001**

Fiscal year in which the finding initially occurred: 2019

Status of Audit Finding: Corrective Action was taken



# *City of East Chicago*

*Administrative Services Division*

*4525 Indianapolis Blvd. East Chicago, Indiana 46312*

*Phone: (219) 391-8220*

*Facsimile: (219) 391-8223*

*Anthony Copeland*  
*Mayor*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2020-002**

Fiscal year in which the finding initially occurred: 2020

Status of Audit Finding:

Per the 2021 Compliance Supplement; As of November 30, 2020 CDBG recipients are still expected to maintain records of Section 3 statutory, regulatory, and contractual compliance but are no longer required to report such compliance in SPEARS. Beginning July 2021, grantees shall enter their Section 3 activities on the closeout screens in IDIS as well as within their annual reporting in the Consolidated Annual Performance and Evaluation Report (CAPER).

The Program Manager will maintain a listing of all contracts during the reporting period to be in statutory, regulatory and contractual compliance.



**CORRECTIVE ACTION PLAN**

***FINDING 2021-001***

The Contact Person Responsible for Corrective Action:

Frank Rivera  
Executive Director

Contact Phone Number:

219-391-8513  
Extension: 2092

Views of Responsible Official: The City of East Chicago Department of Redevelopment (ECCR) concurs with the finding and ECCR will ensure compliance with the grant agreement and for future Special Tests and Provisions by establishing a process of sign-offs between the Executive Director that is the Recognized Entity (RE) and the Rehab Administrator to ensure separation of duties and meeting the Environmental Reviews subject to the provisions with Federal Awards.

Description of Corrective Action Plan:

The process will necessitate all activities categorically excluded (except in extraordinary circumstances that will be documented with an explanation) and the Responsible Entity will document those determinations to meet the compliance requirements into HUD's HEROS Environmental Review Online System so that the Request for Release of Funds and Certification (RROF) is initiated. In addition, every activity file will have a hard copy documentation of the categorically excluded and extraordinary circumstances placed in each activity file for review.

Anticipated Completion Date:

The anticipated completion date is expected as of August 31, 2022.

## 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/>.