

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF GOSHEN

ELKHART COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
12/14/2022



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Adam Scharf Jeffery Weaver (interim) Richard Aguirre	01-01-21 to 06-18-21 06-19-21 to 07-07-21 07-08-21 to 12-31-22
Mayor	Jeremy P. Stutsman	01-01-21 to 12-31-22
President of the Board of Public Works and Safety	Jeremy P. Stutsman	01-01-21 to 12-31-22
President of the Common Council	Brett Weddell	01-01-21 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 GOSHEN, ELKHART 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 Goshen (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 November 22, 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, 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 2021-001, 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)

***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 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 2021-001.

***City of Goshen's Response to Findings***

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



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 22, 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 GOSHEN, ELKHART COUNTY, INDIANA

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

***Opinion on the Major Federal Program***

We have audited the City of Goshen'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, 2021. 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.

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, 2021.

**Basis for Opinion on the 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 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)

***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. Noncompliance 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.

**Report on 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.

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)

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

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

We have audited the financial statement of the City, as of and for the year ended December 31, 2021, and the related notes to the financial statement. We issued our report thereon dated November 22, 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

November 22, 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.

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

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 Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
2019 Community Development Block Grant			B-19-MC-18-0019	\$ 4,323	\$ 4,323
2020 Community Development Block Grant			B-20-MC-18-0019	128,742	310,894
2021 Community Development Block Grant			B-21-MC-18-0019	<u>25,838</u>	<u>57,855</u>
Subtotal - Community Development Block Grants/Entitlement Grants				<u>158,903</u>	<u>373,072</u>
COVID-19 - Community Development Block Grants/Entitlement Grants					
Community Development Block Grant - CV	Direct Grant		B-20-MW-18-0019	<u>99,248</u>	<u>157,176</u>
Total - Community Development Block Grants/Entitlement Grants				<u>258,151</u>	<u>530,248</u>
Total - CDBG - Entitlement Grants Cluster				<u>258,151</u>	<u>530,248</u>
Total - Department of Housing and Urban Development				<u>258,151</u>	<u>530,248</u>
<u>Department of Justice</u>					
Edwin Byrne Memorial Justice Assistance Grant Program	Elkhart County	16.738			
2019 JAG			2019-H3800-IN-DJ	<u>-</u>	<u>19,305</u>
Total - Department of Justice				<u>-</u>	<u>19,305</u>
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Kercher Road Phase I			DES 1400713	-	8,844
Wilden Avenue			DES 1400715	-	577,815
Kercher Road Phase II			DES 1401747	-	30,871
College Avenue			DES 1900739	<u>-</u>	<u>77,840</u>
Total - Highway Planning and Construction				<u>-</u>	<u>695,370</u>
Total - Highway Planning and Construction Cluster				<u>-</u>	<u>695,370</u>

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

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
Airport Improvement Program, COVID-19 - Airports Programs	Direct Grant	20.106			
2019 Airport Runway Grant			AIP 3-18-0029-019-2019	-	71,069
2021 Airport Runway Grant			AIP 3-18-0029-021-2019	-	13,658
Subtotal - Airport Improvement Program, COVID-19 - Airports Programs				-	84,727
COVID -19 - Airport Improvement Program, COVID-19 - Airports Programs	Direct Grant				
COVID-19 Grant - Aviation			AIP 3-18-0029-020-2021	-	43
COVID-19 Grant - Aviation			AIP 3-18-0029-022-2021	-	12,877
Subtotal - COVID-19 - Airport Improvement Program, COVID-19 - Airports Programs				-	12,920
Total - Airport Improvement Program, COVID-19 - Airports Programs				-	97,647
Total - Department of Transportation				-	793,017
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund	Indiana Finance Authority	21.019			
Coronavirus Relief Fund CARES ACT			CY 2021	-	108,901
Total - Department of the Treasury				-	108,901
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant	Direct Grant	97.044			
SCBA and RIT Packs			EMW-2018-FR-00350	-	2,615
Total - Department of Homeland Security				-	2,615
Total federal awards expended				\$ 258,151	\$ 1,454,086

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

CITY OF GOSHEN  
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 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 GOSHEN  
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 program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

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

**Section II - Financial Statement Findings**

**FINDING 2021-001**

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

*Condition and Context*

The City had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the City's Schedule of Expenditures of Federal Awards (SEFA).

The City failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

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

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The COVID-19 - Coronavirus Relief Fund was not included on the SEFA resulting in an understatement of \$108,901.
2. An additional grant had individually immaterial errors that resulted in an overstatement of \$50,871.
3. Other errors included incorrect program names and pass-through entities.

Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of reporting for internal and external use; . . ."

CITY OF GOSHEN  
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. . . ."

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. 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 Assistance Listings Number or other identifying number when the Assistance Listings 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(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."

*Cause*

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

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

*Effect*

Without a proper system of internal control 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***

No matters are reportable.

#### AUDITEE-PREPARED DOCUMENTS

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



## CITY OF GOSHEN

202 South Fifth Street • Goshen, IN 46528-3714

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### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2020-001 (Matching, Level of Effort, and Earmarking)**

Fiscal year in which the finding initially occurred: 2019

STATUS OF AUDIT FINDING: Corrected

The City responded to a matching deficiency and followed the Indiana State Board of Accounts requirement to establish a new fund for each federal grant. In addition to this change, the Clerk-Treasurer's Office's practices now implemented will further enhance internal controls for matching by reviewing grant financials on a monthly basis. Upon closing the books each month, a trial balance for each grant fund is printed by the Deputy Clerk-Treasurer, listing the necessary account lines and requirements within the fund.

To correct the accounting for the FEMA-AFG grant related to this audit finding, the Clerk-Treasurer's Office's Deputy Clerk Treasurer prepared and posted a correcting journal entry. The process at the time of the finding required receipts and expenditures to flow through a Federal Grants Fund, so the correcting journal entry moved receipts and expenditures, and paid the matching amount from the Fire Department to the Grant Fund. This correction was checked by the Clerk-Treasurer, approved, and presented to auditors as part of the finding. In addition to these processes and controls, the Clerk-Treasurer's Office provides periodic reports to the Mayor and City Council.

The City created a Grants Manager position to ensure better communication and coordination of all city departments' funding opportunities. In addition to grant compliance, the Clerk-Treasurer's Office helps minimize risk and maximize opportunities by guiding, supporting, and assisting various departments with management of various grants across the grant lifecycle. During the Pre-Award phase, for example, the Clerk-Treasurer's Office may review funding opportunity documents with a department's grants team to determine requirements (such as matching, earmarking, and level of effort). By verifying a department's ability to cost share and show maintenance of effort, the Clerk-Treasurer's Office reviews departments' eligibility and capacity to comply.

During the Award phase, the Clerk-Treasurer's Office now establishes grant-specific funds, and also takes steps to avoid commingling, supplanting, and other common finance pitfalls related to grants. During the Post-Award phase, a grants team's success may be measured by its project implementation, progress reporting and data-driven evaluation of impact, and the Grants Manager has developed a checklist to help departments maintain compliance. Use of checklists within the City's grant management—especially in the Award and Post-Award phases—helps describe the processes by which the Clerk-Treasurer's Office manages grants-related tasks, deadlines, and all grant-related requirement.



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### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2020-002 (Communication, Reporting and Timeliness)**

Fiscal year in which the finding initially occurred: 2019

STATUS OF AUDIT FINDING: Corrected

The City now uses a Grants Manager for timely reporting and communicating of information. The Grants Manager's completion of SF-425 report in January 2022 for the FEMA-AFG shows the City is on track, up-to-date with reporting, and able to demonstrate compliance with the grant related to this audit finding. When such reports are completed, an email is sent to both the Clerk-Treasurer and Deputy Clerk-Treasurer. The Grants Manager's use of email to communicate internally about reporting for the FEMA-AFG adds a layer of accountability and helps the Clerk-Treasurer's Office track its federal grants.

While reports may be compiled and prepared by the Grants Manager in some instances (e.g., the SEFA, public safety grants, etc.), the Clerk-Treasurer's Office requests a copy of any federal or state grants reporting when it originates in another department. This also helps with tracking and assembling information before the performance period may end and close out may occur. In addition to hard copies of grants and reports, the Grants Manager uses GrantHub software internally and various agency portals externally for document and record retention. GrantHub and several external grants management systems also helps keep the City in compliance through tools like task assignment and automated deadline reminders.

The Pre-Award phase of a departmental grants team requires project plans and development, which may emerge from the department's annual review of programs, finance, or other needs. After planning and developing project ideas, departments contact the Clerk-Treasurer's Office to indicate interest and intent to apply for a grant or funding opportunity. In consulting with departmental grants teams during the Pre-Award phase—typically including at least a department head, an administrator, and a project leader—the Grants Manager works through the entire grant lifecycle to provide appropriate guidance and support, which may include but is not limited to: creating or identifying fund(s) in which the grant is received and spent; identifying and designating the individual(s) who prepare reports and verify reviews before submission; and identifying best practices (and risk advisories) to better implement grant requirements, including data gathering, evaluation, and closeout procedures.



## CITY OF GOSHEN

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### CORRECTIVE ACTION PLAN

#### **FINDING 2021-001**

Contact Person Responsible for Corrective Action: Richard R. Aguirre

Contact Phone Number: 574-533-8625

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: To better explain our corrective action plan, we identify the weakness in our process as follows: The material finding was due in part to lack of communication between managers within the City. The Coronavirus Relief Fund Grant was administered entirely by management who left the Clerk-Treasurer's office soon after filing to receive the funds. The City also received inadequate federal documentation, all resulting in Management's incorrect perception that the Coronavirus Relief Fund Grant was an advance grant. The Coronavirus Relief Fund was recorded to the City's Grant Schedule in the Gateway Annual Report but reflected an unspent advance grant which resulted in the Annual Report not translating correctly to the SEFA.

We determined that we can remedy the weakness identified above through three improvements to our internal review process:

1. Monthly grant reports – this is a spreadsheet on which the Deputy Clerk-Treasurer and Grants Manager collaborate to review data regarding the City's active federal grants. This is a monthly compilation and review of the data that would be input to the Gateway Annual Report.
2. Collect backup data in the AFR files – The Deputy Clerk-Treasurer compiles workpapers to back up all inputs to the Gateway Annual Financial Report. In this collection will be agreements and financial reports that backup every data point in the Gateway Grant report.
3. Closer review of the Audit Form 13 – to avoid grants being entirely left off the SEFA in the future, we will ask both the Deputy Clerk-Treasurer and the Grants Manager to sign off the grants portion of the Form 13 on our next audit.

We expect the foregoing review steps will add extra layers of scrutiny and accuracy to our reporting.

Anticipated Completion Date:

1. The monthly grant reports started in October and will continue as long as the City receives federal grants.
2. The collection of backup data in the AFR files occurs January and February for the prior year.
3. Closer review of the Audit Form 13 will occur in the next SBOA audit.

## 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/>.