

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

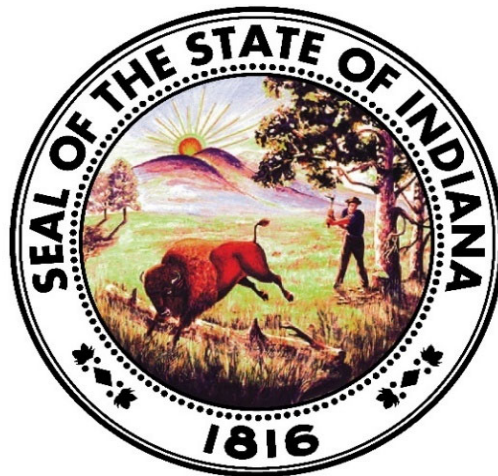
FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
12/28/2022



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SCHEDULE OF OFFICIALS

| <u>Office</u>                             | <u>Official</u>                      | <u>Term</u>                                  |
|---|--------------------------------------|--|
| City Controller                           | Leslie A. Ellis, CPA                 | 01-01-21 to 12-31-22                         |
| Mayor                                     | Duke A. Bennett                      | 01-01-21 to 12-31-22                         |
| President of the Board of<br>Public Works | Jon Stinson                          | 01-01-21 to 12-31-22                         |
| President of the Common Council           | O. Earl Elliott<br>Cheryl Loudermilk | 01-01-21 to 12-31-21<br>01-01-22 to 12-31-22 |
| Wastewater Utility Director               | Debra Padgett                        | 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 TERRE HAUTE, VIGO COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Terre Haute (City), for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City's financial statement and have issued our report thereon dated December 14, 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 Terre Haute'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

December 14, 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 TERRE HAUTE, VIGO COUNTY, INDIANA

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

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

We have audited the City of Terre Haute's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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. 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 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)

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 December 14, 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

December 14, 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 TERRE HAUTE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2021

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant  | Assistance<br>Listings<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|---|--------------------------------------|----------------------------------|--|-----------------------------------|-------------------------------------|
| <u>Department of Defense</u>  |                                      |                                  |  |                                   |                                     |
| National Guard Military Operations and Maintenance (O&M) Projects   | Indiana National Guard               | 12.401                           |  |                                   |                                     |
| Hulman Sewage Fees  |                                      |                                  | 110221001F00005  | \$ -                              | \$ 357                              |
| Hulman Sewage Fees  |                                      |                                  | 110211001F00001  | -                                 | 557                                 |
| Hulman Sewage Fees  |                                      |                                  | 110221021TCE001  | -                                 | 13,678                              |
| Total - Department of Defense                                       |                                      |                                  |  | -                                 | 14,592                              |
| <u>Department of Housing and Urban Development</u>                  |                                      |                                  |  |                                   |                                     |
| CDBG - Entitlement Grants Cluster                                   |                                      |                                  |  |                                   |                                     |
| Community Development Block Grants/Entitlement Grants               | Direct Grant                         | 14.218                           |  |                                   |                                     |
| CDBG Block Grant 2018   |                                      |                                  | B-18-MC-18-0012  | -                                 | 3,225                               |
| CDBG Block Grant 2019   |                                      |                                  | B-19-MC-18-0012  | -                                 | 170,673                             |
| CDBG Block Grant 2020   |                                      |                                  | B-20-MC-18-0012  | -                                 | 945,164                             |
| Total - Community Development Block Grants/Entitlement Grants       |                                      |                                  |  | -                                 | 1,119,062                           |
| Total - CDBG - Entitlement Grants Cluster                           |                                      |                                  |  | -                                 | 1,119,062                           |
| Home Investment Partnerships Program                                | Direct Grant                         | 14.239                           |  |                                   |                                     |
| HOME Grant 2018   |                                      |                                  | M-18-MC-18-0211  | -                                 | 40,882                              |
| HOME Grant 2019   |                                      |                                  | M-19-MC-18-0211  | -                                 | 158,346                             |
| HOME Grant 2020   |                                      |                                  | M-20-MC-18-0211  | -                                 | 18,099                              |
| Total - Home Investment Partnership Program                         |                                      |                                  |  | -                                 | 217,327                             |
| Total - Department of Housing and Urban Development                 |                                      |                                  |  | -                                 | 1,336,389                           |
| <u>Department of Justice</u>  |                                      |                                  |  |                                   |                                     |
| Edward Byrne Memorial Justice Assistance Grant Program              | Direct Grant                         | 16.738                           |  |                                   |                                     |
| JAG Grant   |                                      |                                  | DJ-BX-0776   | -                                 | 134,497                             |
| Total - Department of Justice                                       |                                      |                                  |  | -                                 | 134,497                             |
| <u>Department of Transportation</u>                                 |                                      |                                  |  |                                   |                                     |
| Highway Planning and Construction Cluster                           | Indiana Department of Transportation | 20.205                           |  |                                   |                                     |
| Highway Planning and Construction                                   |                                      |                                  |  |                                   |                                     |
| Congestion Mitigation and Air Quality                               |                                      |                                  |  |                                   |                                     |
| Wabash & 13th St Intersection Improvement                           |                                      |                                  | 800190177800LC1  | -                                 | 56,427                              |
| Total - Highway Planning and Construction Cluster                   |                                      |                                  |  | -                                 | 56,427                              |
| Federal Transit Cluster   | Direct Grant                         | 20.507                           |  |                                   |                                     |
| COVID-19 - Federal Transit Formula Grants                           |                                      |                                  |  |                                   |                                     |
| Terre Haute Transit-Operating Grant                                 |                                      |                                  | IN-2020-033-00   | -                                 | 1,519,460                           |
| Terre Haute Transit Capital Bus Replacement                         |                                      |                                  | IN-2020-033-02-00  | -                                 | 161,236                             |
| Sub-Total - COVID-19 - Federal Transit Formula Grants               |                                      |                                  |  | -                                 | 1,680,696                           |

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

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title   | Pass-Through Entity or Direct Grant     | Assistance<br>Listings<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient | Total<br>Federal Awards<br>Expended |
|---|---|----------------------------------|--|-----------------------------------|-------------------------------------|
| Federal Transit Formula Grants  | Direct Grant                            | 20.507                           |  |                                   |                                     |
| Terre Haute Transit Operating Grant   |   |                                  | IN-2021-0048-00  | -                                 | 469,914                             |
| Total - Federal Transit Formula Grants  |   |                                  |  | -                                 | 2,150,610                           |
| Total - Federal Transit Cluster   |   |                                  |  | -                                 | 2,150,610                           |
| Highway Safety Cluster  |   |                                  |  |                                   |                                     |
| State and Community Highway Safety<br>Operation Pullover  | Vigo County                             | 20.600                           | 9204020IN16  | -                                 | 17,861                              |
| Total - Highway Safety Cluster  |   |                                  |  | -                                 | 17,861                              |
| Total - Department of Transportation  |   |                                  |  | -                                 | 2,224,898                           |
| <u>Department of the Treasury</u>   |   |                                  |  |                                   |                                     |
| COVID-19 - Coronavirus Relief Fund<br>CARES Grant   | Indiana Finance Authority               | 21.019                           | CY 2020  | -                                 | 197,106                             |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds<br>Coronavirus State and Local Fiscal Recovery Fund            | Direct Grant                            | 21.027                           | CY 2021  | -                                 | 4,644,685                           |
| Total - Department of the Treasury  |   |                                  |  | -                                 | 4,841,791                           |
| <u>Environmental Protection Agency</u>  |   |                                  |  |                                   |                                     |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements<br>EPA/Brownfields Assessment | Direct Grant                            | 66.818                           | BF00E02876   | -                                 | 11,968                              |
| Total - Environmental Protection Agency   |   |                                  |  | -                                 | 11,968                              |
| <u>Department of Homeland Security</u>  |   |                                  |  |                                   |                                     |
| Homeland Security Grant Program<br>JAG 2020   | Indiana Department of Homeland Security | 97.067                           | 38520SHSP000000  | -                                 | 43,437                              |
| Total - Department of Homeland Security   |   |                                  |  | -                                 | 43,437                              |
| Total federal awards expended   |   |                                  |  | \$ -                              | \$ 8,607,572                        |

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

CITY OF TERRE HAUTE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 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 TERRE HAUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

|  |   |
|--|---|
| Type of auditor's report issued:                     | Adverse as to GAAP; Unmodified as to Regulatory Basis |
| Internal control over financial reporting:           |   |
| Material weaknesses identified?                      | yes   |
| Significant deficiencies identified?                 | none reported   |
| Noncompliance material to financial statement noted? | yes   |

Federal Awards:

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| Material weaknesses identified?  | 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 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                     | Federal Transit Cluster                          | Unmodified     |
|                            | COVID-19 - State and Local Fiscal Recovery Funds | 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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2020-001.

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

*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 the City had internal controls in place, the internal controls were not effective, and did not detect and allow correction of errors prior to submission.

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

1. The CDBG - Entitlement Grants Cluster expenditures were overstated by \$1,787,684.
2. The Home Investment Partnerships Program expenditures were overstated by \$1,041,213.
3. Additional grants had individually immaterial errors totaling \$153,237.

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:



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

- (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; . . ."

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."

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

*Cause*

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

*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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

City Hall  
17 Harding Avenue  
Terre Haute, IN 47807

Phone: 812.235-8101  
Fax: 812.235.8102

[www.terrehaute.IN.gov](http://www.terrehaute.IN.gov)

**LESLIE ELLIS**  
*City Controller*

***FINDING 2020-001***

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: We are in the process of reviewing current grant documents and developing procedures to accurately track and reconcile all grant activity.

CORRECTIVE ACTION PLAN

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

City Hall  
17 Harding Avenue  
Terre Haute, IN 47807

Phone: 812.235-8101  
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**LESLIE ELLIS**  
*City Controller*

***FINDING 2021-001***

Contact Person Responsible for Corrective Action: Leslie Ellis

Contact Phone Number: 812-244-2359

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

We are in the process of reviewing current grant documents and developing procedures to accurately track and reconcile all grant activity. The Senior Financial Analyst will compile and reconcile the data which will be reviewed by the Chief Deputy City Controller. Once all grants have been reviewed and verified, the information will be entered into the Gateway Annual Financial Report. The City Controller will perform the final review before submission.

Anticipated Completion Date: Upon filing of the 2022 Annual Financial Report

## 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/>.