

CITY OF BLOOMINGTON
Monroe County, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**
Year ended December 31, 2023

CITY OF BLOOMINGTON
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SINGLE AUDIT REPORT IN
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Year ended December 31, 2023

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CITY OF BLOOMINGTON
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Jeffrey Underwood	01-01-23 to 12-31-23
Mayor	John Hamilton	01-01-23 to 12-31-23
President of the Board of Public Works	Kyla Cox Deckard	01-01-23 to 12-31-23
President of the Common Council	Susan Sandberg	01-01-23 to 12-31-23

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Chief Executive and
Members of the City Council
City of Bloomington, Indiana

We have audited, in accordance with the 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 statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bloomington (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 opinions on the financial statements, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
July 17, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Chief Executive and
Members of the City Council
City of Bloomington, Indiana

Report on Compliance for Major Federal Program

Qualified Opinion on Major Federal Program

We have audited the City of Bloomington's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. 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, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

Basis for Qualified Opinion on 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 the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding *Assistance Listing No. 21.027 – Coronavirus State and Local Fiscal Recovery Funds – as described in finding number 2023-001 for Subrecipient Monitoring*. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

(Continued)

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.

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 the 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 Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on the major federal program is not modified with respect to this matter.

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 was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

(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 and significant deficiencies.

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 a 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be significant deficiencies.

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.


Crowe LLP

Indianapolis, Indiana
July 17, 2025

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Summer Food Service Program for Children 2023 Summer Food Grant	Indiana Department of Education	10.559	FY2023	\$ -	\$ 10,646
Total - Child Nutrition Cluster				-	10,646
Urban and Community Forestry Program 2021 Storm Response Plan	Indiana Department of Natural Resources/Urban Forestry	10.675	58426	-	4,400
Total - Department of Agriculture				-	15,046
<u>Department of Housing and Urban Development</u>					
Housing Counseling Assistance Program					
HUD Housing Counseling	Direct Grant	14.169	HC210421031	-	6,750
HUD Housing Counseling			HC220421036	-	7,446
Total - Housing Counseling Assistance Program				-	14,196
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants					
HUD CDBG	Direct Grant	14.218	B17MC180013	-	181,457
HUD CDBG			B18MC180013	-	144
HUD CDBG			B20MC180013	-	60,634
CDBG COVID			B20MW180013	-	194,173
HUD CDBG			B21MC180013	-	82,542
HUD CDBG			B22MC180013	-	331,141
HUD CDBG			B23MC180013	-	119,358
Total - Community Development Block Grants/Entitlement Grants				-	969,449
Total - CDBG - Entitlement Grants Cluster				-	969,449

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Passed Through to Subrecipient	Total Federal Awards Expended
Home Investment Partnerships Program	Direct Grant	14.239			
HUD HOME			M15MC180200	\$ -	\$ 13,250
HUD HOME			M17MC180200	-	79,491
HUD HOME			M18MC180200	-	11,683
HUD HOME			M20MC180200	-	25,394
HOME ARP			M21MP180200	-	9,601
HUD HOME			M22MC180200	-	53,079
HUD HOME			M23MC180200	-	6,106
Total - Home Investment Partnerships Program				-	198,604
Total - Department of Housing and Urban Development				-	1,182,249
<u>Department of Justice</u>					
Missing Children's Assistance Grant	Indiana State Police	16.543			
ICAC Grant			2020-MC-FX-K0087	-	4,961
Bulletproof Vest Partnership Program	Direct Grant	16.607			
2022 BVP			G23002	-	6,046
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant	16.738			
ASAP Grant 2021 JAG			15PBJA21GG01469JAGX	-	46,347
ASAP Grant 2020 JAG			2020DJBX0965	-	3,184
Total - Edward Byrne Memorial Justice Assistance Grant Program				-	49,531
Equitable Sharing Program	Direct Grant	16.922			
Equitable Sharing Program			IN0530100	-	149,783
Total - Department of Justice				-	210,321

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Jackson Creek Trail Phase 2			DES 1500398	\$ -	\$ 22,234
Bike and Pedestrian Facilities			DES 1900403	-	5,325
Bike/Ped Facilities B-Line Trail W 17th Street			DES 1700735	-	82,415
Bike/Ped Facilities Crosswalks			DES 1700976	-	32,869
Bike/Ped Facilities 17th Street			DES 1900402	-	5,495
MPO Reimbursements			DES 2101665	94,211	323,969
				<u>94,211</u>	<u>472,307</u>
Total - Highway Planning and Construction				<u>94,211</u>	<u>472,307</u>
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
Click it to Live It (CITLI)			NHT402	15,667	18,736
National Priority Safety Programs	Indiana Criminal Justice Institute	20.616			
Motorcycle HVA (MC-HVA)			NHTS405D2021	-	4,998
				<u>15,667</u>	<u>23,734</u>
Total - Highway Safety Cluster				<u>15,667</u>	<u>23,734</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute	20.608			
Driving Under the Influence Extra Patrol (DUIFP)			NHT164	10,880	10,880
				<u>10,880</u>	<u>10,880</u>
Total - Department of Transportation				<u>120,759</u>	<u>506,921</u>
<u>Department of the Treasury</u>					
Coronavirus State and Local Fiscal Recovery Funds	Indiana Economic Development Commission	21.027			
Coronavirus State and Local Fiscal Recovery Funds			1505-0271	1,025,070	5,590,828
				<u>1,025,070</u>	<u>5,590,828</u>
Total - Coronavirus State and Local Fiscal Recovery Funds				<u>1,025,070</u>	<u>5,590,828</u>
Total - Department of the Treasury				<u>1,025,070</u>	<u>5,590,828</u>
<u>Environmental Protection Agency</u>					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	Direct Grant	66.818			
Assessment Cooperative Agreement			00E03051	-	108,671
				<u>-</u>	<u>108,671</u>
Total - Environmental Protection Agency				<u>-</u>	<u>108,671</u>
Total federal awards expended				<u>\$ 1,145,829</u>	<u>\$ 7,614,036</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF BLOOMINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the City of Bloomington (the “City”), under programs of the federal government for the year ended December 31, 2023. The information in this Schedule 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 Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in financial position of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. For reimbursement grants passed through the State of Indiana, in accordance with Uniform Guidance, the award is deemed to be expended when evidence of approval is received from the State. For direct award grants, the award is deemed to be expended when the cash is received.

NOTE 3 – INDIRECT COST RECOVERY

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

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of report the audit issued on whether the
Financial statements audited were prepared
In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified not
considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal Control over major program:

Material weakness(es) identified? X Yes No

Significant deficiency(ies) identified X Yes No

Type of auditor's report issued on compliance for
major programs:

Qualified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major program:

Assistance Listing Number
21.027

Name of Federal Program or Cluster
COVID 19 - Coronavirus State and Local Fiscal
Recovery Funds (CSLFRF)

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

Auditee qualified as low-risk auditee? Yes X No

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2023

Section II – Financial Statement Findings

No reported issues.

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-001

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Subrecipient Monitoring
Audit Findings: Material Weakness, Noncompliance

Criteria: Title 2 Subtitle A Chapter II Part 200 Subparts A and D, Section 200.332, establishes requirements that pass-through entities must adhere to in regard to their subrecipient grant agreements and the monitoring processes of those subrecipients.

Condition: The City of Bloomington was unable to identify subrecipients of CSLFRF funding for the purposes of financial reporting and compliance with requirements under 2 CFR 200.332. The City could not distinguish between a subrecipient and a general vendor. Management misreported subrecipient activity on the SEFA, failed to include required contractual language for subrecipient awards in executed agreements, and did not perform monitoring procedures over the subrecipients management identified during audit testing procedures.

Cause: The City does not have an effective system of internal controls in place to effectively structure and review CSLFRF subaward agreements or to effectively monitor subrecipients.

Effect: Due to lack of required information being present with agreements and the contracts not clearly differentiating between a subrecipient and a beneficiary, there could be noncompliance issues in how funds are spent and recorded by the subrecipient, which could lead to noncompliance issues for the City of Bloomington and its subrecipients.

Questioned costs: There are no questioned costs.

Context: The 10 subrecipients represent approximately 18%, \$1,025,070, of the total award expenditures of \$5,590,828, in 2023. The condition reported was prevalent for each subrecipient participating in the award.

Identification as a repeat finding, if applicable: Yes, finding 2022-002 in the prior year report.

Recommendation: We recommend that the City institute a policy for the handling of subrecipients for all sources of federal funding. The City should review Title 2 Subtitle A Chapter II Part 200 Subpart A and ensure their agreements with subrecipients include all required information. Management should review Title 2 Subtitle A Chapter II Part 200 Subpart D and ensure all necessary monitoring procedures are being performed over subrecipients moving forward.

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2023

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2023-001 (Continued)

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management’s corrective action plan attached to this audit report.

FINDING 2023-002

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Reporting
Audit Findings: Significant Deficiency

Criteria: The US Department of Treasury’s Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds requires quarterly project expenditure reports to be completed with the key line items: 1) Obligations and Expenditures 2) Subawards 3) Detailed information of any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient that are greater than \$50,000. For amounts less than \$50,000, the recipient must report in the aggregate for these same categories of loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient.

Condition: City of Bloomington completed quarterly reporting in a timely manner substantiated by the City’s expenditure detail. However, management could not differentiate between subrecipients and standard vendor purchases.

Cause: The City does not have an effective system of internal controls in place to effectively review CSLFRF reporting data prior to submission to the US Department of Treasury.

Effect: Subrecipient expenditures and subawards on the quarterly data submissions were overstated.

Questioned costs: There are no questioned costs.

Context: During our testing procedures over CSLFRF reporting, we noted that segregation of duties is not present in the Federal reporting process. The Deputy Controller prepared and submitted the reports without a secondary review taking place. As a result, the City did not report expenditures for the grant that were consistent with the expenditures reported on the SEFA and could not properly identify subrecipient expenditures.

Identification as a repeat finding, if applicable: Yes, finding 2022-003 in the prior year report.

Recommendation: We recommend that the City implement a consistent multi-stage review process for federal data reports, which involves identifying and tracking subrecipient activity as well as expenditures by type.

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management’s corrective action plan attached to this audit report.

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2023

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2023-003

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Procurement – Suspension and Debarment
Audit Findings: Significant Deficiency, Noncompliance

Criteria: 2 CFR 180.300 states: “When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

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

Condition: The City of Bloomington could not provide documentation to support that vendors procured under CSLFRF funding were not suspended or debarred.

Cause: The City had not developed a system of internal controls that would have ensured compliance with Procurement and Suspension and Debarment compliance requirements for covered transactions.

Effect: The failure to establish internal controls could have enabled noncompliance to go undetected. If vendors would have been suspended or debarred, the failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the City.

Questioned costs: There are no questioned costs.

Context: In a sample of five vendors with aggregate disbursements for FY2023 above the \$25,000 covered transaction threshold, Crowe noted for each selection that the City had not completed a check for suspension and debarment nor had had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred.

Identification as a repeat finding, if applicable: Yes, finding 2022-004 in the prior year report.

Recommendation: We recommend that the City establish and implement control procedures to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. This should include ensuring suspension and debarment checks are performed and documented prior to entering into the transaction.

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management’s corrective action plan attached to this audit report.



City of Bloomington Indiana

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Office of the Controller | (812) 349-3412 | email: controller@bloomington.in.gov

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

December 31, 2023

Finding 2023-001

Information on the federal program:

Federal Agency: Department of the Treasury

Pass-Through Entity: N/A – Direct Grant

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Compliance Requirement: Subrecipient Monitoring

Audit Findings: Material Weakness, Noncompliance

Condition: The City of Bloomington was unable to identify subrecipients of CSLFRF funding for the purposes of financial reporting and compliance with requirements under 2 CFR 200.332. The City could not distinguish between a subrecipient and a general vendor. Management misreported subrecipient activity on the SEFA, failed to include required contractual language for subrecipient awards in executed agreements, and did not perform monitoring procedures over the subrecipients management identified during audit testing procedures.

Context: The 10 subrecipients represent approximately 18%, \$1,025,070, of the total award expenditures of \$5,590,828, in 2023. The condition reported was prevalent for each subrecipient participating in the award.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will draft a policy and develop an internal controls process regarding subawards and the monitoring of subrecipients to ensure the compliance requirements are met.

Responsible party and timeline for completion: The City's Controller will be responsible for overseeing the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.



City of Bloomington Indiana

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FINDING 2023-002

Information on the federal program:

Federal Agency: Department of the Treasury

Pass-Through Entity: N/A – Direct Grant

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Compliance Requirement: Reporting

Audit Findings: Significant Deficiency

Condition: City of Bloomington completed quarterly reporting in a timely manner substantiated by the City's expenditure detail. However, management could not differentiate between subrecipients and standard vendor purchases.

Context: During our testing procedures over CSLFRF reporting, we noted that segregation of duties is not present in the Federal reporting process. The Deputy Controller prepared and submitted the reports without a secondary review taking place. As a result, the City did not report expenditures for the grant that were consistent with the expenditures reported on the SEFA and could not properly identify subrecipient expenditures.

Views of Responsible Officials and Planned Corrective Actions: Management will develop an internal controls process to ensure that there's segregation of duties within the reporting process for federal programs.

Responsible party and timeline for completion: The City's Controller will oversee the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.



City of Bloomington Indiana

City Hall | 401 N. Morton St. | Post Office Box 100 | Bloomington, Indiana 47402
Office of the Controller | (812) 349-3412 | email: controller@bloomington.in.gov

FINDING 2023-003

Information on the federal program:

Federal Agency: Department of the Treasury

Pass-Through Entity: N/A – Direct Grant

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Compliance Requirement: Procurement – Suspension and Debarment

Audit Findings: Significant Deficiency, Noncompliance

Condition: The City of Bloomington could not provide documentation to support that vendors procured under CSLFRF funding were not suspended or debarred.

Context: In a sample of five vendors with aggregate disbursements for FY2023 above the \$25,000 covered transaction threshold, Crowe noted for each selection that the City had not completed a check for suspension and debarment nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has formulated a procurement policy specific to federal awards to ensure all necessary requirements are met moving forward, which includes checking whether a vendor is suspended and/or debarred prior to entering into a contract with said vendor.

Responsible party and timeline for completion: The City's Controller will oversee the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Information on the federal program:

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

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

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was not formally reviewed prior to submission resulting in the following errors:

1. Highway Planning and Construction (ALN 20.205) grants were not correctly labeled on the SEFA. The net impact was an understatement of the Highway Planning and Construction Cluster by \$684,806
2. Coronavirus State and Local Fiscal Recovery Fund (ALN 20.027) subrecipient activity was not correctly identified resulting in an overstatement of subrecipient expenditures on the SEFA.

Audit adjustments were proposed, accepted by the City, and made to the SEFA to correct the issues noted above.

Status: Resolved.

FINDING 2022-002

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Subrecipient Monitoring
Audit Findings: Material Weakness, Noncompliance

Condition: City of Bloomington was unable to identify subrecipients of CSLFRF funding for the purposes of financial reporting and compliance with requirements under 2 CFR 200.332. Management misreported subrecipient activity on the SEFA, failed to include required contractual language for subrecipient awards in executed agreements, and did not perform monitoring procedures over the subrecipients that were identified during testing procedures.

Context: The 10 subrecipients represent approximately 38%, \$1,935,000, of the total award expenditures of \$4,999,384. The condition reported was prevalent for each subrecipient participating in the award.

Status: Not resolved. See finding 2023-001.



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FINDING 2022-003

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Reporting
Audit Findings: Significant Deficiency

Condition: City of Bloomington completed quarterly reporting in a timely manner substantiated by the City's expenditure detail. However, management could not differentiate between subrecipients and standard vendor expenditures.

Context: During our testing procedures over CSLFRF reporting, we noted that segregation of duties is not present in the Federal reporting process. The City was not able to accurately identify and report subrecipient activity within CSLFRF quarterly reports.

Status: Not resolved. See finding 2023-002.

FINDING 2022-004

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Procurement – Suspension and Debarment
Audit Findings: Significant Deficiency, Noncompliance

Condition: City of Bloomington could not provide documentation to support that vendors procured under CSLFRF funding were not suspended or debarred.

Context: In a sample of six vendors with aggregate disbursements for the year ended December 31, 2022, above the \$25,000 covered transaction threshold, Crowe noted four vendors that the City had not completed a check for suspension and debarment nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred.

Status: Not resolved. See finding 2023-003.

FINDING 2022-005

Information on the federal program:

Federal Agency: Department of Transportation
Pass-Through Entity: Indiana Department of Transportation
Federal Program: Highway Planning and Construction
Assistance Listing Number: 20.205
Compliance Requirement: Procurement – Suspension and Debarment
Audit Findings: Significant Deficiency, Noncompliance

Condition: The City could not provide documentation to support that vendors procured under the Highway Planning and Construction funding were not suspended or debarred.



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Context: In a sample of two vendors with aggregate disbursements for the year ended December 31, 2022, above the \$25,000 covered transaction threshold, Crowe noted the City had not completed a check for suspension and debarment nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred for either sample selection.

Status: Resolved.