



DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

September 8, 2022

[REDACTED]

Subject: Freedom of Information/Privacy Act Request 21-OIG-275

Dear [REDACTED]:

This is in response to your Freedom of Information Act (FOIA) request to the Office of the Inspector General (OIG), seeking "Single Audit Act Report of Department Activities for City of Berwyn, Illinois FY 2018."

The OIG has located 18 pages of responsive records which have been reviewed. It has been determined that these records are appropriate for release to you in full and a copy is enclosed. A copy of the City's full FY 2018 single audit is publicly available on the City's website. We consider this response as closing your request with the OIG.

If you are not satisfied with OIG's determination in response to this request, you may administratively appeal by writing to the Director, Office of Information Policy (OIP), United States Department of Justice, 441 G Street, NW, 6th Floor, Washington, D.C. 20530, or you may submit an appeal through OIP's FOIA STAR portal by creating an account following the instructions on OIP's website: <https://www.justice.gov/oip/submit-and-track-request-or-appeal>. Your appeal must be postmarked or electronically transmitted within 90 days of the date of my response to your request. If you submit your appeal by mail, both the letter and the envelope should be clearly marked "Freedom of Information Act Appeal."

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

You may contact our FOIA Public Liaison, Deborah Waller at (202) 616-0646 for any further assistance of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov; telephone at (202) 741-5770; toll free at 1-877-684-6448.

Sincerely,

Ofelia C. Perez
Government Information Specialist
Office of the General Counsel

Attachment



U.S. Department of Justice
Office of the Inspector General
Chicago Regional Audit Office
500 West Madison Street, Suite 1121
Chicago, Illinois 60661-2590

NOV 26 2019

MEMORANDUM FOR RALPH E. MARTIN
DIRECTOR
OFFICE OF AUDIT, ASSESSMENT
AND MANAGEMENT
OFFICE OF JUSTICE PROGRAMS

FROM:

Carol S. Taraszka
CAROL S. TARASZKA
REGIONAL AUDIT MANAGER

SUBJECT:

Audit Report Number TO-50-20-006
City of Berwyn, Illinois
Fiscal Year Ending December 31, 2018

Attached is an entity single audit report (SAR) from the Federal Audit Clearinghouse, pursuant to the Single Audit Act and Amendments and Office of Management and Budget Circular A-133. Department of Justice (DOJ) funding is identified on page 5 of the SAR.

Auditee: City of Berwyn, Illinois

EIN: 369005796

Results: Number of Recommendations - 3

Questioned Costs - None

Findings requiring DOJ resolution are listed below.

OIG Finding Number	SAR Finding Number	Finding Type	Questioned Costs	SAR Page Reference
1	2018-002	DOJ-specific	None	9-10
2	2018-003	DOJ-specific	None	11
3	2018-004	DOJ Specific	None	12

In accordance with Office of Management and Budget Circular A-50, Revised, and DOJ Order 2900.6A, you should require prompt resolution and corrective action on the findings and recommendations in this audit report. Please provide us with documentation within 30 days of this transmittal advising whether you agree with the findings and recommendations and the actions taken or planned to resolve the report.

If you have any questions, please contact me or Ms. Jessica Stoll on (312) 353-1203. Your cooperation is appreciated.

Attachment

cc: Jeffery A. Haley, Deputy Director
Audit and Review Division
OJP Office of Audit, Assessment
and Management

Linda J. Taylor, Lead Auditor
Audit Coordination Branch
Audit and Review Division
OJP Office of Audit, Assessment
and Management

Louise Duhamel, Acting Assistant Director
JMD Audit Liaison Group
Internal Review and Evaluation Office



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Berwyn, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Berwyn, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 statements of the Berwyn Development Corporation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Berwyn, Illinois, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of changes in the net pension liability and related ratios, schedules of city contributions and schedule of changes in total other postemployment benefits liability on pages 11–26 and 106–118 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Berwyn, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of the City of Berwyn, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Berwyn, Illinois' internal control over financial reporting and compliance.

JW & Associates, P.C.

Hillside, Illinois
June 25, 2019



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 City Council
City of Berwyn, Illinois

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Berwyn, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Berwyn, Illinois' basic financial statements and have issued our report thereon dated June 25, 2019. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Berwyn, Illinois' internal control over financial reporting (internal control) to determine the 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 of Berwyn, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Berwyn, Illinois' 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Berwyn, Illinois' 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Berwyn Illinois' Response to Findings

The City of Berwyn, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Berwyn, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements 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 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.

JW & Associates, P.C.

Hillside, Illinois
June 25, 2019



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

To the City Council
City of Berwyn, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Berwyn, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Berwyn, Illinois' major federal programs for the year ended December 31, 2018. The City of Berwyn Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Berwyn, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Berwyn, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Berwyn, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Berwyn, Illinois 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-004. Our opinion on each major federal program is not modified with respect to this matter.

The City of Berwyn, Illinois' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Berwyn, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Berwyn, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our

audit of compliance, we considered the City of Berwyn, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Berwyn, Illinois' 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 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-002 through 2018-004, that we consider to be significant deficiencies.

The City of Berwyn, Illinois' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Berwyn, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Berwyn, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Berwyn, Illinois' basic financial statements. We issued our report thereon dated June 25, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.

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.

JW & Associates, P.C.

Hillside, Illinois
June 25, 2019

CITY OF BERWYN, IL
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the year ended December 31, 2018

Federal Grantor	Pass-Through Grantor	Program Title	CFDA Number	Grant Number	Expenditures	Payments to Sub-recipients
Department of Housing and Urban Development	NA	Community Development Block Grant	14.218	B-15-MC-17-0003	\$ 31,022	\$ -
Department of Housing and Urban Development	NA	Community Development Block Grant	14.218	B-16-MC-17-0003	193,847	
Department of Housing and Urban Development	NA	Community Development Block Grant	14.218	B-17-MC-17-0003	1,112,777	174,254
Department of Housing and Urban Development	NA	Community Development Block Grant	14.218	B-18-MC-17-0003	<u>85,524</u>	
Total CDBG Entitlement Grants Cluster and Total Department of Housing & Urban Development					<u>1,423,170</u>	<u>174,254</u>
U.S. Department of Justice	NA	US Marshall's Fugitive Task Force	16.592	JLEO-18-0143	13,418	
U.S. Department of Justice	NA	Drug Enforcement Administration State and Local Task Force	16.592	NA	15,192	
U.S. Department of Justice	NA	Equitable Sharing of Federally Forfeited Assets	16.922	NA	<u>576,515</u>	
Total U.S. Department of Justice					<u>605,125</u>	
U.S. Department of Homeland Security	Mutual Aid Box Alarm System	Disaster Grants	97.036	NA	31,037	
U.S. Department of Homeland Security	Illinois Department of Human Services	Tobacco Enforcement Program			<u>6,710</u>	
Total U.S. Department of Homeland Security					<u>37,747</u>	
U.S. Department of Transportation	Illinois Department of Transportation	National Priority Safety Program	20.616	AP18-0039	83,093	
U.S. Department of Transportation	Illinois Department of Transportation	National Priority Safety Program	20.616	TR18-0301	57,280	
U.S. Department of Transportation	Illinois Department of Transportation	National Priority Safety Program	20.616	OP19-0040	<u>39,012</u>	
Total Highway Safety Cluster and and Total U.S. Department of Transportation					<u>179,385</u>	
Institute of Museum and Library Services	Illinois State Library	Library Services and Technology Act Grant	45.310	18-5129-BTB	<u>4,999</u>	
Total Federal Expenditures					<u>\$ 2,250,426</u>	<u>\$ 174,254</u>

CITY OF BERWYN, ILLINOIS

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2018

NOTE – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Berwyn, Illinois ("City"). The City's reporting entity is defined in Note 1 to the City's financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards 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).

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the City's financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance (for awards made on or after December 26, 2014) and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

Non-Cash and Federal Insurance

The City did not receive non-cash assistance or have Federal insurance in effect during the fiscal year.

Rehabilitation Loans

The City had \$2,323,040 in single family rehabilitation loans outstanding at year end.

Indirect Costs

The City has elected to use the 10% de minimis indirect costs rate as allowed under the Uniform Guidance.

CITY OF BERWYN, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting:

- | | | |
|--|--------------------------|------------------------------------|
| • Material weaknesses identified? | <u> </u>
Yes | <u> x </u>
No |
| • Significant deficiencies identified
not considered to be material weaknesses? | <u> x </u>
Yes | <u> </u>
None reported |

Noncompliance material to the financial statements noted?	<u> </u> Yes	<u> x </u> No
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Federal Awards

Internal Control Over Major Programs:

- | | | |
|--|--------------------------|------------------------------------|
| • Material weaknesses identified? | <u> </u>
Yes | <u> x </u>
No |
| • Significant deficiencies identified
not considered to be material weaknesses? | <u> x </u>
Yes | <u> </u>
None reported |

Type of auditor's report issued on compliance for major programs:	unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> x </u> Yes	<u> </u> No
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.922	Equitable Sharing of Federally Forfeited Assets

Dollar threshold for distinguishing Types A and B programs:	<u>\$750,000</u>
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Auditee qualified as a low-risk auditee?	<u> x </u> Yes	<u> </u> No
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CITY OF BERWYN, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

SECTION III – FEDERAL AWARD FINDINGS

CFDA #: 16.922

Program Title: Equitable Sharing of Federally Forfeited Assets

Federal Agency: U.S. Department of Justice

Repeat Finding? No

2018-002

Difference Between Annual Certification Report and Police Seizure Fund General Ledger Fund Balances

Reporting requirements include the annual submission of the Equitable Sharing Agreement and Certification Form (ESAC). That form details funds received and spent from the Department of Justice and Department of the Treasury asset forfeiture programs. In addition, it shows ending equitable sharing fund balances related to each of those federal programs.

In testing the ESAC against the Police Seizure Fund general ledger accounts and the Schedule of Expenditures of Federal Awards (SEFA), we noted the following:

1. The ESAC reported ending fund balances related to Department of Justice funds and Department of Treasury funds of \$393,386 and \$67,434, respectively, for a total of \$460,820. However, the total fund balance of the Police Seizure Fund per the general ledger was only \$235,036. This fund also includes non-federal state funds.
2. The ESAC reported total equitable sharing funds spent of \$567,226 for the year ended December 31, 2018. However, the general ledger and the SEFA reported federal expenditures of \$576,514.
3. The Police Seizure Fund does not separately account for revenues and expenditures related to the Department of Justice and Department of Treasury programs as required, but comingles them.

The difference in fund balance and expenditures appears to be primarily the result of the ESAC reporting on a cash basis while the SEFA and general ledger is on a modified accrual basis. For example, 2017 payroll related amounts totaling \$271,604 which were transferred from the Police Seizure Fund bank account to the City's general account in 2018 were recorded as 2018 expenditures on the ESAC but as 2017 expenditures on the SEFA and general ledger when the employees were paid. Payroll related expenditures recorded in the general ledger and SEFA for 2018 were \$280,368.

While differences will occur as a result of differences in accounting methods, reconciliations should be performed between the general ledger/SEFA and the ESAC in order to prevent errors in reporting to federal agencies or a loss of control over federal funds.

CITY OF BERWYN, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

Recommendation:

We recommend that the City establish a procedure to reconcile amounts (including fund balances) reported on the ESAC with amounts reported in the general ledger and SEFA. In addition, we recommend a separate accounting for Department of the Treasury and Department of Justice funds in the general ledger as required.

Management Response:

See management's corrective action plan.

CITY OF BERWYN, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

CFDA #: 16.922

Program Title: Equitable Sharing of Federally Forfeited Assets

Federal Agency: U.S. Department of Justice

Repeat Finding? No

2018-003

Suspension and Debarment Verification

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220.

During 2018, we noted two covered transactions and did not find evidence that the City checked to see whether the vendors involved have been suspended or debarred.

Management was not aware that the suspension and debarment provisions applied to this program.

While our audit testing did not identify the vendors as being listed on the System for Award Management (SAM) Exclusions, the City should maintain controls to test for suspension and debarment. Without such controls, payments of federal funds to prohibited vendors could occur.

Recommendation:

We recommend that the City establish controls to identify covered transactions and test for vendor status on the sam.gov website to insure that that federal funds are not paid to suspended or debarred parties.

Management Response:

See management's corrective action plan.

CITY OF BERWYN, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

CFDA #: 16.922

Program Title: Equitable Sharing of Federally Forfeited Assets

Federal Agency: U.S. Department of Justice

Repeat Finding? No

2018-004

Equipment Management Procedures

2 CFR section 215.34 requires that equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every 2 years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

During our audit testing we noted that the City did not maintain property records that included information such as identification number, source of funding including the award number, acquisition date, percentage of federal participation, cost, location and condition. In addition, it does not appear that a physical inventory of equipment is taken at least once every two years.

During the year, one item of equipment exceeding \$5,000 was purchased with program funds. The City tracks equipment by storing the original invoices.

Without proper accounting for and tracking of equipment including periodic physical inventories, there is a risk that the City could lose track of what equipment was purchased with federal funds and such equipment could be used or disposed of inappropriately.

Recommendation:

We recommend that the City establish and follow equipment management policies and procedures that are in compliance with federal regulations.

Management Response:

See management's corrective action plan.

CITY OF BERWYN, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018

None Reported



A Century of Progress with Pride

July 29, 2019

John Wysocki
Partner
GW & Associates PC
4415 West Harrison, Suite 434
Hillside, IL 60162

Re: Schedule of Findings, Single Audit for the Year Ended December 31, 2018

Dear John,

Please take note of the City's corrective action plan below to the findings presented in the 2018 Single Audit Report.

2018-001: Documentation of Transactions between City and Component Unit

Corrective Action Plan: The City and Berwyn Development Corporation (BDC) are drafting a Memorandum of Understanding whereby the City would be required to make monthly payments totaling \$42,500 (\$1,250 per month) to reimburse the BDC for \$42,500 in interest paid from 10/15/15 through 08/15/18.

2018-002: Difference between Annual Certification Report and Police Seizure Fund General Ledger Fund Balances

Corrective Action Plan: The City will perform and archive a quarterly reconciliation of the Police Seizure Fund general ledger, Schedule of Expenditures of Federal Awards (SEFA), and the Equitable Sharing Agreement and Certification Form (ESAC). The reconciliation would identify the timing differences between the City's general ledger and the SEFA and ESAC filings.

2018-003: Suspension and Debarment Verification

Corrective Action Plan: To address this issue going forward, the City will archive online documentation from the System for Award Management (SAM.gov) confirming that the vendor has not been suspended or disbarred. The City will monitor this process quarterly to ensure the applicable online vendor confirmation is available for internal and external auditor review.

2018-004: Equipment Management Procedure

Corrective Action Plan: The City will perform a physical inventory annually and provide a hard copy and electronic archive of the confirmation of all equipment purchased with program funds exceeding \$5,000.

Responsible Party: The City's Finance Department

Expected Completion Period: Fall of 2019.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'B. J. Daish', with a stylized flourish at the end.

Benjamin J. Daish
Finance Director