

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF PORTER

PORTER COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
11/08/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Pomeroy	01-01-19 to 12-31-23
President of the Town Council	Greg Stinson	01-01-19 to 06-09-20
	William Lopez	06-10-20 to 12-31-20
	Greg Stinson	01-01-21 to 12-31-21
	Erik Wagner	01-01-22 to 03-07-22
	Greg Stinson	03-08-22 to 06-13-22
	William Lopez	06-14-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF PORTER, PORTER COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Porter (Town), for the period from January 1, 2019 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 31, 2023

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CLERK-TREASURER
TOWN OF PORTER

CLERK-TREASURER
TOWN OF PORTER
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Report B54069.

Condition and Context

The Town had not established internal controls to ensure the accuracy of the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the financial statements. The financial information was submitted in Gateway without evidence of a review by a second knowledgeable individual prior to submission. The lack of internal controls over financial reporting could have enabled a material misstatement to occur and remain undetected.

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. . . ."

CAPITAL ASSETS

Condition and Context

The Town did not properly maintain a detailed listing of capital assets as the Stormwater infrastructure assets were not recorded in the listing. Furthermore, two assets previously disposed of were included on the capital asset listing. A 2017 Ford Mustang police car and a 1986 Excel Front Mower remained on the Town's capital asset listing after disposal.

In addition, the Town had not performed a complete physical inventory within the last two years as required.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns Chapter 1)

CLERK-TREASURER
TOWN OF PORTER
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2023, with William Lopez, President of the Town Council, and Karen Spanier, Deputy Clerk-Treasurer.