

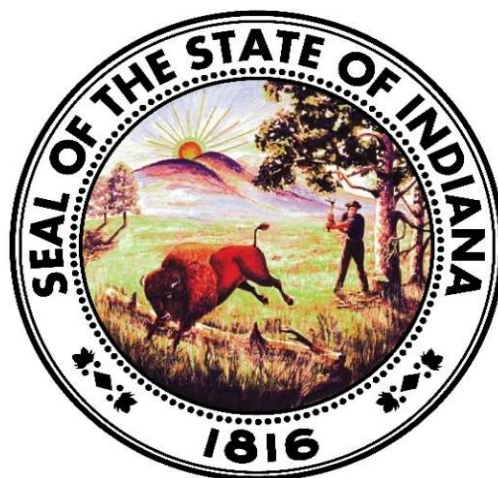
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAPORTE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
08/20/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jo Eileen Winski Timothy Stabosz	01-01-20 to 12-31-20 01-01-21 to 12-31-24
County Treasurer	Lynne Spevak Jo Eileen Winski	01-01-20 to 12-31-20 01-01-21 to 12-31-24
Clerk of the Circuit Court	Kathleen A. Chroback Heather Stevens	01-01-20 to 12-31-20 01-01-21 to 12-31-24
County Sheriff	John T. Boyd	01-01-20 to 12-31-24
County Recorder	Lois Sosinski Elzbieta Bilderback	01-01-20 to 12-31-20 01-01-21 to 12-31-24
President of the Board of County Commissioners	Sheila Matias Richard Mrozinski Sheila Matias Joseph Haney Connie Gramarossa	01-01-20 to 12-31-20 01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 05-03-23 05-04-23 to 12-31-24
President of the County Council	Randy Novak	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF LAPORTE COUNTY, INDIANA

This report is supplemental to the audit report of LaPorte County (County), for the period from January 1, 2020 to December 31, 2020. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with the Financial Statements Audit Report of the County, which provides our opinions on the County'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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

July 2, 2024

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COUNTY AUDITOR
LAPORTE COUNTY

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Report B59508.

Condition and Context

The following deficiencies in the internal control system of the County related to financial transactions and reporting caused material errors in the financial statements presented for audit to remain undetected. Furthermore, the internal controls were not properly designed and implemented over the internal control environment, risk assessment process, information and communication process, or the IT environment, nor were internal controls monitored and evaluated for effectiveness. The magnitude of these errors caused a significant delay to audit completion.

Financial Statements and Notes to the Financial Statements

The County contracted with a consultant to prepare the County's financial statements and note disclosures in accordance with Generally Accepted Accounting Principles (GAAP). The consultant used the County's cash basis Annual Financial Report (AFR) submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system as the basis for the financial statements. However, the County did not have effective internal controls over the cash basis AFR. Furthermore, the County had not designed or implemented a review or approval process of the compiler-prepared calculations and adjustments needed to convert the cash basis AFR to GAAP financial statements or the completed GAAP financial statements and note disclosures to ensure they were accurate and complete. The following errors were noted:

- The Clerk of the Circuit Court was erroneously classified as a Nonmajor Governmental Fund instead of a Custodial Fund. This resulted in assets, revenues, and expenses to be overstated in the Governmental Fund and Government Wide Statements and understated in the Fiduciary Fund Statements of \$4,959,974, \$7,877,895, and \$6,880,089, respectively.
- The schedule of interfund transfers reported in Note III. D. Interfund Receivable/Payable and Transfers did not agree to the fund financial statements as follows:

Fund Transferred To	Fund Transferred From	Note Amount	Fund Financial Statements	Over (Under) Stated
General Fund	Nonmajor Funds	\$ 3,123,611	\$ 4,640,432	\$ (1,516,821)
Nonmajor Funds	General Fund	1,607,721	1,599,326	8,395
MC CTHS Reno Bond Fund	Nonmajor Funds	5,600,000	1,500,000	4,100,000
Nonmajor Funds	Nonmajor Funds	2,061,296	542,870	1,518,426
MC CTHS Reno Bond Fund	General Fund	-	4,100,000	(4,100,000)

Adjustments were proposed, accepted by the County, and made to the financial statements and note disclosures.

Taxes Receivable

Internal controls were not in place related to taxes receivable to ensure accurate reporting. Procedures were not performed to verify mathematical calculations or ensure that the correct source documents were used in the calculations. Penalties and interest totaling \$5,662,391 were omitted from the property taxes receivable calculation.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Discretely Presented Component Units

The County's reported Discretely Presented Component Units (Component Units) are the LaPorte County Solid Waste District (Solid Waste) and the LaPorte County Public Library (Library). The consultant used the Component Units' cash basis AFR submitted in Gateway as the basis for the financial statements.

Internal controls were not designed to ensure that all areas of the financial statements and note disclosures were accurate, complete, and in accordance with the GAAP basis of accounting.

The opinion on the Aggregate Discretely Presented Component Units reflects the following matters:

- The Solid Waste offered Other Post-Employment Benefits (OPEB); however, an actuarial study determining the financial effect of the OPEB was not completed. Thus, we were unable to determine if Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources were materially correct.
- The Solid Waste did not have a depreciation policy; thus, we were unable to determine if the capital assets, net of depreciation were materially correct.
- The Library's \$4,337,423 book and other collections were not included in the reported capital assets, which understated capital assets. Because the Library did not have a depreciation policy that included book and other collections, we were unable to determine if the capital assets, net of depreciation were materially correct.

Adjustments were proposed, accepted by the County, and made to the financial statements for the following matters:

- The Solid Waste Net Investment in Capital Asset Net Position was understated by \$1,276,348 and Unrestricted Net Position was overstated by \$1,276,348.
- The Library's revenues and expenses were each overstated by \$2,174,579 for payroll clearing fund activity which was not eliminated for GAAP financial statement presentation.
- The Library's Cash and Cash Equivalents and revenue were understated by \$711,940 for unposted investment interest.
- The Library's Net Investment in Capital Asset Net Position was overstated by \$843,469 and Unrestricted Net Position was understated by \$843,469.

Other Post-Employment Benefits Census Data

The County had not separated activities related to OPEB census data. The OPEB census data was prepared by the County's Human Resource Department and sent to the actuary. Documentation of a review or oversight process by another individual prior to providing the information to the actuary to ensure the completeness and accuracy of the census data was not provided.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Financial Close and Reporting

The County Auditor and County Treasurer were required to independently prepare a monthly financial statement, which reflected the total receipts and disbursements and the balance for each fund for the month and year to date. An oversight or review process was not in place to ensure the monthly financial statements were complete and accurate.

The County did not have effective internal controls to ensure that the information entered into Gateway for the County's AFR was materially correct. The information entered into Gateway included material errors in investment activity.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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:

"The control environment is the basic commonality for all and comprises the integrity and ethical values of the political subdivision established by the oversight body and management. The standards, processes, and structures which form the control environment pervasively impact the overall system of internal control. The oversight body and management convey leadership expectations, and overall tone which are reinforced by all officials and management throughout the various offices and departments. The control environment also contains the overall accountability structure for all employees through performance and reward measures. Within this structure, leadership demonstrates commitment to the political subdivision by having a process for attracting, developing, and retaining competent individuals. This component is static in that its underpinnings do not generally change with a given objective."

"Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . .

Management identifies risks to the achievement of the political subdivision's objectives across the unit as a whole and within each office or department. Analysis of risk through determination of objective measures and variance tolerance is the basis for determining how the risks should be managed. The response to risk is selected: acceptance, avoidance, reduction, or sharing. . . .

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Internal control is a process, and part of that process is the responsibility for management to be continually aware of changes, both external and internal, that could affect the achievement of the political subdivision's objectives. Those changes should be analyzed for both their immediate effect and for any future impact. Management would then determine any modifications needed in the internal control process to adapt to these changes."

"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. . . ."

"Relevant information from both internal and external sources is necessary to support the functioning of the other components of internal control. Communication is the continual process of providing, sharing, and obtaining necessary information. Internal communication enables personnel to receive a clear message that control responsibilities are taken seriously by the organization. External communication enables relevant outside information to be internalized and internal information to be clearly communicated to external parties."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B53006 and B59508.

Condition and Context

The County had the following funds with overdrawn cash balances at December 31, 2020, which were not attributed to timing of grant reimbursements.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Fund	Amount Overdrawn
Community Corrections Fund	\$ 109,343
Public Health Preparedness Gr	8,583
Pub Health Preparedness Grant	6,339
Lead Prevention Program Grant	7,440
Public Health Preparedness 19	5,944
Problem Solving Court Grant	45
JDAI Grant 17	1,460
Family Court Grant 18	15

The Lead Prevention Program Grant and JDAI Grant 17 have remained unchanged and overdrawn since 2019. Both Public Health Preparedness Grant funds have remained unchanged and overdrawn since 2018.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

ANNUAL FINANCIAL REPORT

The same comment also appeared in prior Report B59508.

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. Although one employee prepared and entered the information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

The information for accounts payable and receivable, capital assets, financial data by fund (receipts and disbursements), investments, and grants entered in Gateway contained the following errors:

Accounts Payable and Accounts Receivable

The County had amounts that were either owed to vendors and not yet paid, or collections from customers not yet received at year end. Those amounts were to be reported in Gateway as accounts payable or accounts receivable, respectively. The County did not report any accounts payable or receivable.

Capital Assets

Capital Assets were not reported, which resulted in the understatement of the beginning balance, additions, reductions, and ending balance by \$112,518,875; \$4,771,878; \$8,530,368; and \$108,760,385, respectively.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Financial Data by Fund

The financial data for receipts and disbursements included investment activity, which resulted in the overstatement of receipts and disbursements by \$81,741,171 and \$31,739,885, respectively.

Investment Fund Statement

The investment fund statement beginning investment balance was understated by \$35,000,000, and the ending investment balance was overstated by \$55,000,000.

Grants

The Grants reported in the Annual Financial Report had the following errors:

- The COVID-19 - Coronavirus Relief Fund expenditures were omitted, resulting in an understatement of \$3,569,043.
- The Disaster Grants - Public Assistance (Presidentially Declared Disasters) expenditures were omitted, resulting in an understatement of \$315,736.
- There were 17 other grants that had individual errors that resulted in total understatements of expenditures of \$551,799.
- Other errors included incorrect program names, federal assistance listings numbers, and identifying numbers.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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. . . .

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

ACCOUNTS PAYABLE VOUCHER DEFICIENCIES

The same comment also appeared in prior Report B59508.

Condition and Context

Electronic Funds Transfers

The County pays certain vendors electronically via electronic funds transfers (EFT) and ACH (Automated Clearing House) payments. For 2020, approximately \$11,800,000 was disbursed to vendors electronically for debt, health insurance, and credit card payments. The following deficiencies were noted with these types of payments:

- The County did not have a resolution that allowed the fiscal officer to pay claims by EFT or the transferring of funds, other than a transaction originated by check, draft, or similar paper instrument.
- Accounts payable vouchers with supporting invoices were not created for EFT payments.
- EFT payments to vendors were not audited and certified by the fiscal officer or approved by the Board of County Commissioners as required by the Indiana Code.
- The third-party administrator for group health self-insurance automatically withdrew funds totaling \$10,600,000 from the County's bank account without documented certification by the County Auditor and approval by the Board of County Commissioners.

Contracted Services

The County's Public Defenders' office contracts with attorneys to serve as Deputy Public Defenders based on the approved budget by the County Council. In 2020, the County paid 21 Deputy Public Defenders a total of \$1,000,940 for services. However, a written contract or detailed invoice was not provided to support the accounts payable voucher payment for contractual services.

Transfers Between Funds

The County transfers amounts between funds for various reasons which totaled \$12,951,675 for 2020. Of the 21 transfers between funds tested, 8 transfers between funds totaling \$1,958,303 were not approved by the Board of County Commissioners as required.

Criteria

Indiana Code 36-1-8-11.5 states in part:

"(a) As used in this section, 'electronic funds transfer' means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(b) The fiscal body of a political subdivision . . . may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a proper body adopts a resolution under this subsection, the political subdivision . . . may pay money from its funds by electronic funds transfer.

(c) A political subdivision . . . that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by political subdivisions or municipal utilities."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 36-1-8-11.5 allows for the governing body of a political subdivision to pass a resolution that allows the fiscal officer to pay claims by electronic funds transfer. The statute also requires compliance with all other requirements for the payment of claims. Indiana Code 5-11-10-1.6 provides the requirements and procedures to be completed prior to issuing a check. Most of those requirements involve prior approval of a claim and ensuring that bills/invoices have been reviewed. Therefore, we recommend that if a county is going to make payments electronically, that they complete the claims approval requirements, and then work with their depository for a payment authorization process. Except for INPRS remittances as detailed in IC 5-10.2-2-12.5, we would recommend not setting up automatic monthly payments or other instances where vendors are giving access to pull money from the county's bank account. (The County Bulletin and Uniform Compliance Guidelines September 2018 issue, Volume 411)

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

GATEWAY UPLOADS

A similar comment also appeared in prior Report B59508, entitled *GATEWAY ENGAGEMENT UPLOADS*.

Condition and Context

Counties are required to upload documents to the Indiana Gateway for Government Units (Gateway) financial reporting system monthly and annually as directed by the State Examiner Directive.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County Auditor was required to upload to Gateway each month the approved minutes for all boards and commissions that could have a financial impact on the County as a whole. For 2020, the Board of County Commissioners approved board minutes were not uploaded to Gateway as required.

In addition, Indiana Code 5-14-3.8-3.5 requires counties to upload copies of contracts to Gateway if the total cost of the contract exceeds \$50,000. None of the County contracts over \$50,000 were uploaded as required.

Criteria

Indiana Code 5-14-3.8-3.5 states in part:

". . . (b) As used in this section, 'contract' includes all pages of a contract and any attachments to the contract.

(c) A political subdivision shall upload a digital copy of a contract to the Indiana transparency Internet web site one (1) time if the total cost of the contract to the political subdivision exceeds fifty thousand dollars (\$50,000) during the term of the contract. This subsection applies to all contracts for any subject, purpose, or term, except that a political subdivision is not required to upload a copy of an employment contract between the political subdivision and an employee of the political subdivision. In the case of a collective bargaining agreement, the political subdivision shall upload a copy of the collective bargaining agreement and a copy of a blank or sample individual employment contract. A political subdivision shall upload the contract not later than sixty (60) days after the date the contract is executed. If a political subdivision enters into a contract that the political subdivision reasonably expects when entered into will not exceed fifty thousand dollars (\$50,000) in cost to the political subdivision but at a later date determines or expects the contract to exceed fifty thousand dollars (\$50,000) in cost to the political subdivision, the political subdivision shall upload a copy of the contract within sixty (60) days after the date on which the political subdivision makes the determination or realizes the expectation that the contract will exceed fifty thousand dollars (\$50,000) in cost to the political subdivision."

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

APPROPRIATIONS

Condition and Context

The operating budget was initially prepared and approved by the County Council. The budget for funds for which property taxes and local income taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance (DLGF).

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County did not have effective internal controls in place to ensure disbursements did not exceed appropriations. A review of the appropriations ledger for the General fund noted the following deficiencies:

- The DLGF final certified budget amount totaled \$46,997,249. The County's appropriation ledger noted an original budget amount of \$47,370,280, which resulted in the overstatement of the budget by \$373,031.
- The DLGF approved additional appropriations totaling \$1,795,462. The County's ledger total additional and adjusted appropriations were \$2,351,390, which resulted in a \$555,928 increase in appropriations without supporting documentation.
- The County is allowed to encumber expenses that are budgeted in one year but not paid until the next if certain criteria are met. The County encumbered \$419,923 from 2019 to 2020; however, a detailed listing of the contract or purchase orders to support the amount was not County Council approved.
- Disbursements in the General fund exceeded the appropriations by \$335,378 based on the DLGF certified budget and approved additional appropriations.

Due to the lack of effective internal controls, the Original and Final Budgeted Amounts reported on the Required Supplementary Information - Budgetary Comparison Schedule for the General fund could not be verified. The County approved the omission of the Required Supplementary Information - Budgetary Comparison Schedule for the General fund from the Financial Statement Audit Report.

Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

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. . . ."

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Appropriations may be carried forward to the following year if any of the following conditions exist:

1. A lawful contract has been entered into with a vendor or contractor on or before December 31 and all or a part of the contract has not been paid.
2. A purchase order has been issued on or before December 31, entered as an encumbrance against an existing appropriation, and isn't paid as of December 31.
3. Proceeds of a bond issue have been duly appropriated and remain unexpended as of December 31.
4. Appropriations which are obligated by a contract or a agreement executed on or before December 31, between the county and any federal or state agency, such as a criminal justice planning grant, local road and street project, or federal grant requiring local matching funds.

Only the amount required to meet the balance due on a contract or purchase order may be carried forward; the amount remaining in the appropriation account shall revert to the fund from which appropriated.

(The County Bulletin and Uniform Compliance Guidelines, March 2020)

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Reports B53006 and B59508.

Condition and Context

The County did not train all applicable personnel on internal control standards as required by Indiana Code 5-11-1-27(g). However, the County certified on the Indiana Gateway for Government Units financial reporting system that the County had provided training on internal control standards. Since the County did not train all applicable personnel, the certification that the County had trained on internal control standards was incorrect.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

SUBSEQUENT EVENTS - EXAMINATION OF RECORDS

Condition and Context

The County Auditor was responsible for paying the examination of records fees (exam fees) of the County's local municipal units to the Indiana State Treasurer from the County's General Fund. The applicable exam fees were then to be deducted from the examined unit's property tax settlement at the next semiannual distribution and receipted back to the General Fund.

The County paid the Indiana State Treasurer the exam fees for the local municipal units; however, the County did not ensure the General Fund was reimbursed. For 2020, the amount disbursed from the General Fund for the exam fees agreed to the amounts received. However, the amount disbursed and reimbursed for the years 2021 through 2023 for the exam fees did not agree as follows:

Year	General Fund - Examination Fees		Over (Under) Reimbursed
	Disbursed	Receipted	
2020	\$ 129,402	\$ 129,402	\$ -
2021	145,205	86,069	(59,136)
2022	380,157	111,844	(268,313)
2023	342,374	362,758	20,384

Criteria

Each Column of the County Form No. 22, if applicable, shall be completed to show the taxes distributed, amounts advanced, the amount due the county for examination of records and the net distribution for which a warrant is to be issued. The amount chargeable to each local governmental unit for examination of records is obtainable from the voucher submitted by the State Board of Accounts and, except for the cost of examining county offices and departments, the amounts should be deducted from the distributions and reimbursed to the county at the next semiannual settlement. The manner in which examination of records should be handled is detailed in Exhibit 21, page 10-45. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 10)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

SUBSEQUENT EVENTS - CREDIT CARDS

Condition and Context

A review of credit card transactions paid from January through April 2021 noted the following deficiencies:

- The County Auditor is responsible for the issuance of warrants for claims properly payable from the County treasury and to verify that funds and appropriations are available before issuing warrants.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County Auditor's term ended December 31, 2020. Starting January 1, 2021, the County Auditor and Deputy County Auditor became the County Treasurer and Deputy County Treasurer, respectively. A new County Auditor took office as of January 1, 2021.

However, the accounting software edit privileges for the auditor's funds ledger were maintained by the prior Deputy County Auditor after January 1, 2021. The prior Deputy County Auditor initiated and posted disbursements to the auditor's funds ledger totaling \$33,899 for credit card payments as claim adjustments. This resulted in the prior Deputy County Auditor's override of controls afforded the County Auditor per statute.

- The County paid 14 credit card claims totaling \$70,201. The credit card claims were paid via wire transfer and not included on the accounts payable voucher register for audit and certification by the County Auditor and approval by the Board of County Commissioners.
- We reviewed \$15,246 of the credit card charges. One charge totaling \$1,738 was for an emergency medical service (EMS) employee holiday party charged to a local restaurant. The employee party was posted to the EMS Public Outreach Non-Reverting Fund #4114.

County Ordinance 2017-4 established the EMS Public Outreach and Community Education Non-reverting fund. The ordinance states: "the fund is subject to the same controls and oversight as any other 'donation fund' administrated by the County Auditor's Office. . . . The fund established with the LaPorte County Auditor for the holding of these revenues collected shall be used exclusively for the reasonable expenses incurred for public outreach and community education at the sole discretion of the Administrator."

We could not determine how the employee party complied with County Ordinance 2017-4. Nor did the County have an employee appreciation policy that allowed the expense.

The Board of County Commissioners approved Resolution 2013-13-A governing the use of credit cards, which stated in part: "The credit card may be used for any purchase for which there is an existing appropriation at the time of use. The credit card may not be used for the following purchases:

- (A) Any purchase for which there is not an existing appropriation at the time of use.
- (B) Cash advances.
- (C) Personal or non-business purchases.
- (D) Alcoholic beverages.
- (E) Gasoline or repairs for non-county owned vehicles except for rental cars."

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2024, with Jo Eileen Winski, County Treasurer, and Amy Pahs, Chief Deputy County Treasurer.

The contents of this report were discussed on July 2, 2024, with Timothy Stabosz, County Auditor; Connie Gramarossa, President of the Board of County Commissioners; Joseph Haney, County Commissioner; Richard Mrozinski, County Commissioner; Randy Novak, President of the County Council; Justin Kiel, County Council member; Earl Cunningham, County Council member; Rhonda Graves, Chief Deputy County Auditor; Amy Pahs, Chief Deputy County Treasurer; and L. Scott Pejic, County Attorney.

COUNTY TREASURER
LAPORTE COUNTY

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Report B59508.

Condition and Context

The following deficiencies in the internal control system of the County related to the financial transactions and reporting caused material errors in the financial statements presented for audit to remain undetected. The magnitude of these errors caused a significant delay to audit completion.

Bank Reconcilements - Cash and Cash Equivalents and Investments

Internal controls had not been properly designed or implemented to ensure that reconcilements of the record balances to the depository balances and investment balances were completed at least monthly to ensure the accuracy and completeness of financial transactions, including the investment activity.

Monthly bank reconcilements were not properly completed. As such, the County was provided with additional time to prepare the required monthly reconcilements. The County hired a consultant to reconcile its depository balances to the ledger. Reconcilements as of December 31, 2020, were completed as of October 2023.

With the additional time, the County determined the County Treasurer's Cash Book financial transactions were not timely or completely posted. Additional audit procedures were performed to test the December 31, 2020 reconcilements provided. The year-end reconcilements included reconciling items without supporting documentation and transactions that cleared the bank but not yet posted. This resulted in the understatement of receipts and disbursements by \$1,016,503 and \$1,052,511, respectively. The financial statements were not adjusted for these items.

Furthermore, investments were not properly reported since the investment activity was not properly reconciled to the actual investments. This resulted in the County's Investment Register containing material errors. Investment activity from specific funds was not properly recorded in the County's ledger. The County established specific investment funds to record and track specific fund investments. The County did not consistently record the purchase or maturity of the investment instrument properly in the specific fund or in the specific investment fund.

On December 31, 2020, the Investment Register and County Treasurer's Daily Balance of Cash and Depositories (Cash Book) investment totals did not agree. The Investment Register reported no investments, and the County Treasurer's Cash Book reported negative \$41,000,000.

With additional time, a revised year-end reconciliation was provided that included a \$5,000,000 certificate of deposit that was previously excluded from the Investment Register. Additional audit procedures were performed to confirm the \$5,000,000 investment.

Receipts

Internal controls had not been designed or implemented over receipts to ensure the accuracy, timeliness, and completeness of the County Treasurer's Cash Book.

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

For collections received, receipted, and deposited to the bank, a review process was designed but was not properly implemented. Evidence of the review process was not documented. Furthermore, an oversight or review process was not designed or implemented over the electronic funds transfers received from the State of Indiana.

Financial Close and Reporting

The County Auditor and County Treasurer are required to independently prepare a monthly financial statement, which reflects the total receipts and disbursements and the balance for each fund for the month and year to date. An oversight or review process was not in place to ensure the monthly financial statements were complete and accurate.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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. . . ."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

TIMELY RECORDING

Condition and Context

Monthly, the County receives funds from the State of Indiana (State) via electronic funds transfer (EFT) for various taxes, grants, and other funding sources. A test to ensure the State funds sent to the County were accurately and timely receipted and posted noted the following deficiencies:

- The State funds received totaling \$2,012,355 were not receipted or recorded in a timely manner. The County posted a receipt to the records anywhere from 31 to 318 days after receiving the EFT from the State.
- Of the amount not posted timely, the State funds received totaling \$793,121 were not receipted or recorded in the correct accounting period. This could have resulted in the County's annual financial statements to be materially incorrect.

Criteria

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction.

(Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

Counties are required to upload documents to the Indiana Gateway for Government Units (Gateway) financial reporting system monthly and annually as directed by the State Examiner Directive.

The County Treasurer was required to upload to Gateway each month the Bank Reconcilements, Bank Statements, Outstanding Check Lists, Cash Balance Report (Cash Book), and Documentation of Reconciliation of Form 61 between County Auditor and County Treasurer. Annual upload requirements include the Year-end Investment Statements.

For 2020, the monthly Bank Reconcilements, Bank Statements, Outstanding Check Lists, cash book, and Documentation of Reconciliation of Form 61 between County Auditor and County Treasurer were not uploaded to Gateway as required.

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

In addition, the annual Year-end Investment Statements were not uploaded to Gateway as required.

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

SUBSEQUENT EVENTS - TIMELINESS OF RECONCILIATIONS

Condition and Context

Monthly bank reconciliations were not properly completed. As such, the County was provided with additional time to prepare the required monthly reconciliations. Reconciliations as of December 31, 2021, were completed as of February 2024. Reconciliations as of December 31, 2022, were completed as of March 2024. Reconciliations as of December 31, 2023, were still in progress as of March 2024.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

SUBSEQUENT EVENTS - CREDIT CARDS

Condition and Context

A review of credit card transactions paid from January through April 2021 noted the following deficiencies:

- The County Auditor is responsible for the issuance of warrants for claims properly payable from the County treasury and to verify that funds and appropriations are available before issuing warrants.

The County Auditor's term ended December 31, 2020. Starting January 1, 2021, the County Auditor and Deputy County Auditor became the County Treasurer and Deputy County Treasurer, respectively. A new County Auditor took office as of January 1, 2021.

However, the accounting software edit privileges for the auditor's funds ledger were maintained by the prior Deputy County Auditor after January 1, 2021. The prior Deputy County Auditor initiated and posted disbursements to the auditor's funds ledger totaling \$33,899 for credit card payments as claim adjustments. This resulted in the prior Deputy County Auditor's override of controls afforded the County Auditor per statute.

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- The County paid 14 credit card claims totaling \$70,201. The credit card claims were paid via wire transfer and not included on the accounts payable voucher register for audit and certification by the County Auditor and approval by the Board of County Commissioners.
- We reviewed \$15,246 of the credit card charges. One charge totaling \$1,738 was for an emergency medical service (EMS) employee holiday party charged to a local restaurant. The employee party was posted to the EMS Public Outreach Non-Reverting Fund #4114.

County Ordinance 2017-4 established the EMS Public Outreach and Community Education Non-reverting fund. The ordinance states: "the fund is subject to the same controls and oversight as any other 'donation fund' administrated by the County Auditor's Office. . . . The fund established with the LaPorte County Auditor for the holding of these revenues collected shall be used exclusively for the reasonable expenses incurred for public outreach and community education at the sole discretion of the Administrator."

We could not determine how the employee party complied with County Ordinance 2017-4. Nor did the County have an employee appreciation policy that allowed the expense.

The Board of County Commissioners approved Resolution 2013-13-A governing the use of credit cards, which stated in part:

"The credit card may be used for any purchase for which there is an existing appropriation at the time of use. The credit card may not be used for the following purchases:

- (A) Any purchase for which there is not an existing appropriation at the time of use.
- (B) Cash advances.
- (C) Personal or non-business purchases.
- (D) Alcoholic beverages.
- (E) Gasoline or repairs for non-county owned vehicles except for rental cars."

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

COUNTY TREASURER
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2024, with Jo Eileen Winski, County Treasurer, and Amy Pahs, Chief Deputy County Treasurer.

The contents of this report were discussed on July 2, 2024, with Timothy Stabosz, County Auditor; Connie Gramarossa, President of the Board of County Commissioners; Joseph Haney, County Commissioner; Richard Mrozinski, County Commissioner; Randy Novak, President of the County Council; Justin Kiel, County Council member; Earl Cunningham, County Council member; Rhonda Graves, Chief Deputy County Auditor; Amy Pahs, Chief Deputy County Treasurer; and L. Scott Pejic, County Attorney.

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Reports B53006 and B59508, *entitled FINDING 2018-002 FINANCIAL TRANSACTIONS AND REPORTING-CLERK OF THE CIRCUIT COURT* and *FINANCIAL TRANSACTIONS AND REPORTING*, respectively.

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting of the Clerk of the Circuit Court (Clerk).

Disbursements

The Clerk had designed a review process over disbursements; however, the implementation of the process was not documented.

Financial Close and Reporting

The Clerk was required to prepare a Supplemental Annual Report (SAR) for inclusion in the County's cash basis Annual Financial Report submitted in the Indiana Gateway for Government Units financial reporting system, which is the basis for the financial statements. One employee completed the SAR without evidence of an oversight or review process prior to submission to the County Auditor.

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. . . ."

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

BANK RECONCILIATIONS

Condition and Context

In reviewing the Clerk of the Circuit Court (Clerk) bank reconciliations provided, we noted the following items:

- A combined bank reconciliation did not agree to the cash and investment balances reported on the Supplemental Annual Report (SAR) for inclusion in the County's cash basis Annual Financial Report. The SAR was determined to be overstated by \$200,000 for the double reporting of an investment.
- All records related to child support transacted by the Clerk are maintained in the Indiana Support Enforcement Tracking System (ISETS) and a separate bank account. The ISETS bank account reconciliation included bank service charges totaling \$17,500 from 2010 and non-sufficient fund (NSF) checks totaling \$4,579 for which supporting documentation was not provided, so the validity of the reconciling item on the bank reconciliation could not be verified. Furthermore, in 2013 the Clerk's office determined that ISETS checks totaling \$45,550 were re-issued without ensuring the original check was not cashed. Both the original and re-issued checks were cashed without any further research or timely adjustment posted.
- The Clerk's bank accounts and investments, other than court ordered investments, earned interest totaling \$7,854 which has been carried as a reconciling item on the monthly reconciliations and not remitted to the County Treasurer and receipted to the County General Fund as required.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Indiana Code 5-13-9-8 states:

"Any investing officer of a political subdivision that makes a deposit in any deposit or other account may be required to pay a service charge to the depository in which the funds are deposited, if the depository requires all customers to pay the charge for providing that service. However, the service charge imposed must be considered in the computation of the interest rate for determining which depositories are entitled to investments as prescribed by sections 4 and 5 of this chapter. If the total service charge cannot be computed before the investment, the investing officer shall estimate the service charge and adjust the interest rate based on this estimate. The service charge may be paid:

- (1) by direct charge to the deposit or other account; or
- (2) in a manner that subtracts the service charge from interest earned on the funds in the deposit or other account.

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

If the manner described in subdivision (2) is used to pay the service charge, the political subdivision must report the net interest deposited in the political subdivision's financial records, and the political subdivision is not required to report the amount of the service charge subtracted in the political subdivision's financial records."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

An official receipt must be issued for interest received to be posted in the cash book. The receipt should also indicate thereon the security (investment) on which the interest was received and, if the security matured, the principal (original cost) of the security for use as a posting media to the daily balance record. The interest should be posted to the interest column in the receipts section of the Cash Book of Receipts and Disbursements. The interest will then be paid to the county treasurer and quietused to the county general fund at the close of the month when fees and other revenues are remitted to the county.

There may be instances where the court will order certain trust funds to be invested and the interest earned on such investments to be credited to that specific trust fund item. In such cases the procedures for recording the investment will be handled in the same manner as other investments. In addition, a notation should be made on the entry docket applicable to this trust item that the amount has been invested per order of the court. The only difference between a court ordered investment and investments made by the clerk from total monies on deposit is in accounting for the interest earned on the investment.

(Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 10)

CLERK'S TRUST ITEMS

Condition and Context

Indiana Code required the Court to forfeit the bond of a defendant who fails to appear in Court. The amount of the forfeited bond shall be transferred to the state common school fund less any court fees retained by the Clerk of the Circuit Court (Clerk) or any amounts collected in satisfaction of a judgement.

The Clerk had \$4,766,087 held in trust at December 31, 2020. Of the 25 trust items tested, 22 items, or 88 percent, were determined to not have been properly distributed as follows:

- Of the items held in trust, 4 had an order to forfeit or apply to fines and fees but remained held in trust.
- Of the items held in trust, 18 should have been forfeited or distributed but were waiting on an order from the court.

Criteria

Indiana Code 35-33-8-7 states:

"(a) If a defendant:

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) was admitted to bail under section 3.2(a)(2) of this chapter; and
- (2) has failed to appear before the court as ordered;

the court shall, except as provided in subsection (b) or section 8(b) of this chapter, declare the bond forfeited not earlier than one hundred twenty (120) days or more than three hundred sixty-five (365) days after the defendant's failure to appear and issue a warrant for the defendant's arrest.

(b) In a criminal case, if the court having jurisdiction over the criminal case receives written notice of a pending civil action or unsatisfied judgment against the criminal defendant arising out of the same transaction or occurrence forming the basis of the criminal case, funds deposited with the clerk of the court under section 3.2(a)(2) of this chapter may not be declared forfeited by the court, and the court shall order the deposited funds to be held by the clerk. If there is an entry of final judgment in favor of the plaintiff in the civil action, and if the deposit and the bond are subject to forfeiture, the criminal court shall order payment of all or any part of the deposit to the plaintiff in the action, as is necessary to satisfy the judgment. The court shall then order the remainder of the deposit, if any, and the bond forfeited.

(c) Any proceedings concerning the bond, or its forfeiture, judgment, or execution of judgment, shall be held in the court that admitted the defendant to bail.

(d) After a bond has been forfeited under subsection (a) or (b), the clerk shall mail notice of forfeiture to the defendant. In addition, unless the court finds that there was justification for the defendant's failure to appear, the court shall immediately enter judgment, without pleadings and without change of judge or change of venue, against the defendant for the amount of the bail bond, and the clerk shall record the judgment.

(e) If a bond is forfeited and the court has entered a judgment under subsection (d), the clerk shall transfer to the state common school fund:

- (1) any amount remaining on deposit with the court (less the fees retained by the clerk); and
- (2) any amount collected in satisfaction of the judgment.

(f) The clerk shall return a deposit, less the administrative fee, made under section 3.2(a)(2) of this chapter to the defendant, if the defendant appeared at trial and the other critical stages of the legal proceedings."

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under [IC 32-34-3](#). . . ."

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 32-34-1-26(a) states:

"A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate."

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2024, with Heather Stevens, Clerk of the Circuit Court.

The contents of this report were discussed on July 2, 2024, with Timothy Stabosz, County Auditor; Connie Gramarossa, President of the Board of County Commissioners; Joseph Haney, County Commissioner; Richard Mrozinski, County Commissioner; Randy Novak, President of the County Council; Justin Kiel, County Council member; Earl Cunningham, County Council member; Rhonda Graves, Chief Deputy County Auditor; Amy Pahs, Chief Deputy County Treasurer; and L. Scott Pejic, County Attorney.

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BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Reports B45345, B53006, and B59508.

Condition and Context

The County did not train all applicable personnel on internal control standards as required by Indiana Code 5-11-1-27(g).

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CHANGE ORDERS

Condition and Context

The Board of County Commissioners awarded a \$19,932,467 guaranteed maximum price contract for the Michigan City Courthouse Renovation as allowed by Indiana Code. Per state statute, any change or alteration to the original specifications of a public works contract must be approved by the governing board at a public meeting.

For the courthouse renovation project, the first three change orders were approved at public meetings in 2020. On September 16, 2020, the Board of County Commissioners approved to create a committee to approve the changes orders.

This resulted in change orders #4 through #45, from September 17, 2020 through May 2021, totaling \$384,235 to not be properly approved by the Board of County Commissioners at a public meeting as required. Furthermore, the County was unable to provide a listing of change orders after May 3, 2021, that agreed to the total paid to the vendor awarded the contract.

Criteria

Indiana Code 36-2-2-2 states:

"The three (3) member board of commissioners of a county elected under this chapter is the county executive. In the name of 'The Board of Commissioners of the County of _____' the executive shall transact the business of the county."

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) The general substance of all matters proposed, discussed, or decided.
 - (4) A record of all votes taken by individual members if there is a roll call.
 - (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.
- (c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

Indiana Code 5-32-2-2 states:

"Applicable public works statute' refers to whichever of the following statutes is applicable to public works projects of the public agency:

- (1) [IC 4-13.6](#).
- (2) [IC 5-16](#).
- (3) [IC 36-1-12](#).
- (4) Any other statute applicable to the public works projects of the public agency."

Indiana Code 5-32-2-5 states: "'CMc' or 'construction manager as constructor' means a person that provides CMc services."

Indiana Code 5-32-5-1 states: "The CMc shall comply with all notice, bidding, construction, and contract administration requirements relating to public works contracts that the public agency must comply with under the applicable public works statutes."

Indiana Code 36-1-12-18 states:

"(a) If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor.

(b) If a licensed architect or engineer is assigned to the public work project, the change order must be prepared by that person.

(c) A change order may not be issued before commencement of the actual construction, reconstruction, or repairs except in the case of an emergency. In that case, the board must make a declaration, and the board's minutes must show the nature of the emergency.

(d) The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project.

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (e) All change orders must be directly related to the original public work project.
- (f) If additional units of materials included in the original contract are needed, the cost of these units in the change order must be the same as those shown in the original contract."

PUBLIC WORKS PROJECT

Condition and Context

The County renovated a newly-acquired building, including construction and electrical costs, which totaled \$681,202. However, the County did not comply with any of the bidding procedures required by Indiana Code 36-1-2 when the cost of a public work project is \$150,000 or greater. The Board of County Commissioners minutes did not document any special process or emergency decision that would have excluded the project from the bidding requirements or approved a contract for the project. The final invoice for the project noted the payment was based on a quotation.

Criteria

Indiana Code 36-1-12-2(a) states:

"As used in this chapter, 'public work' means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund or out of a special assessment. The term includes the construction, alteration, or repair of a highway, street, alley, bridge, sewer, drain, or other improvement that is paid for out of a public fund or out of a special assessment. The term also includes any public work leased by a political subdivision under a lease containing an option to purchase."

Indiana Code 36-1-12-4 states in part:

"(a) This section applies whenever the cost of a public work project will be at least one hundred fifty thousand dollars (\$150,000).

(b) The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. If the project involves the resurfacing (as defined by [IC 8-14-2-1](#)) of a road, street, or bridge, the specifications must show how the weight or volume of the materials will be accurately measured and verified.
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with [IC 5-3-1](#) calling for sealed proposals for the public work needed. If the board receives electronic bids as set forth in subsection (d), the board shall also provide electronic access to the notice of the bid solicitation through the computer gateway administered under [IC 4-13.1-2-2\(a\)\(5\)](#) by the office of technology.
- (4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids.

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board. The period of time between the date of the first publication and receiving bids may not be more than:
- (A) six (6) weeks if the estimated cost of the public works project is less than twenty-five million dollars (\$25,000,000); and
- (B) ten (10) weeks if the estimated cost of the public works project is at least twenty-five million dollars (\$25,000,000).
- (6) The board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts.
- (7) The board may not require a bidder to submit a bid before the meeting at which bids are to be received. The meeting for receiving bids must be open to the public. All bids received shall be opened publicly and read aloud at the time and place designated and not before. Notwithstanding any other law, bids may be opened after the time designated if both of the following apply:
- (A) The board makes a written determination that it is in the best interest of the board to delay the opening.
- (B) The day, time, and place of the rescheduled opening are announced at the day, time, and place of the originally scheduled opening.
- (8) Except as provided in subsection (c), the board shall:
- (A) award the contract for public work or improvements to the lowest responsible and responsive bidder; or
- (B) reject all bids submitted.
- (9) If the board awards the contract to a bidder other than the lowest bidder, the board must state in the minutes or memoranda, at the time the award is made, the factors used to determine which bidder is the lowest responsible and responsive bidder and to justify the award. The board shall keep a copy of the minutes or memoranda available for public inspection. . . ."

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

GATEWAY UPLOADS

Condition and Context

Indiana Code 5-14-3.8-3.5 requires counties to upload copies of contracts to the Indiana Gateway for Government Units financial reporting system if the total cost of the contract exceeds \$50,000. None of the County contracts over \$50,000 were uploaded as required.

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Criteria

Indiana Code 5-14-3.8-3.5 states in part:

". . . (b) As used in this section, 'contract' includes all pages of a contract and any attachments to the contract.

(c) A political subdivision shall upload a digital copy of a contract to the Indiana transparency Internet web site one (1) time if the total cost of the contract to the political subdivision exceeds fifty thousand dollars (\$50,000) during the term of the contract. This subsection applies to all contracts for any subject, purpose, or term, except that a political subdivision is not required to upload a copy of an employment contract between the political subdivision and an employee of the political subdivision. In the case of a collective bargaining agreement, the political subdivision shall upload a copy of the collective bargaining agreement and a copy of a blank or sample individual employment contract. A political subdivision shall upload the contract not later than sixty (60) days after the date the contract is executed. If a political subdivision enters into a contract that the political subdivision reasonably expects when entered into will not exceed fifty thousand dollars (\$50,000) in cost to the political subdivision but at a later date determines or expects the contract to exceed fifty thousand dollars (\$50,000) in cost to the political subdivision, the political subdivision shall upload a copy of the contract within sixty (60) days after the date on which the political subdivision makes the determination or realizes the expectation that the contract will exceed fifty thousand dollars (\$50,000) in cost to the political subdivision. . . ."

SUBSEQUENT EVENTS - PUBLIC PURCHASES

Condition and Context

On July 20, 2021, the Board of County Commissioners awarded a \$1,500,000 contract for repairs to the Michigan City Franklin St. Bridge. The contract was awarded without bidding the project to document and ensure the contract was awarded to the lowest responsible bidder. The Board of County Commissioner's Attorney advised they would be approving the contract under Indiana Special Purchase provisions of IC 5-22-10-1 without competitive bidding, due to the fact the bridge is a specialized historic bridge, and it plays a critical role in economic activity in the City of Michigan City, and the vendor selected has previous expertise with this particular bridge.

As the aforementioned project is the alteration of a bridge paid for out of public funds, the appropriate procurement method governing this transaction is Indiana Code 36-1-12, public works projects. The County did not comply with any of the required provisions of this statute as required.

Criteria

Indiana Code 36-1-12-1(a) states:

"Except as provided in this section, this chapter applies to all public work performed or contracted for by:

- (1) political subdivisions; and
- (2) their agencies;

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

regardless of whether it is performed on property owned or leased by the political subdivision or its agency."

Indiana Code 36-1-12-2(a) states:

"As used in this chapter, 'public work' means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund or out of a special assessment. The term includes the construction, alteration, or repair of a highway, street, alley, bridge, sewer, drain, or other improvement that is paid for out of a public fund or out of a special assessment. The term also includes any public work leased by a political subdivision under a lease containing an option to purchase."

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2024, with Jo Eileen Winski, County Treasurer, and Amy Pahs, Chief Deputy County Treasurer.

The contents of this report were discussed on July 2, 2024, with Timothy Stabosz, County Auditor; Connie Gramarossa, President of the Board of County Commissioners; Joseph Haney, County Commissioner; Richard Mrozinski, County Commissioner; Randy Novak, President of the County Council; Justin Kiel, County Council member; Earl Cunningham, County Council member; Rhonda Graves, Chief Deputy County Auditor; Amy Pahs, Chief Deputy County Treasurer; and L. Scott Pejic, County Attorney.

COUNTY COUNCIL
LAPORTE COUNTY

COUNTY COUNCIL
LAPORTE COUNTY
AUDIT RESULT AND COMMENT

APPROPRIATIONS

Condition and Context

The operating budget was initially prepared and approved by the County Council. The budget for funds for which property taxes and local income taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance (DLGF).

The County did not have effective internal controls in place to ensure disbursements did not exceed appropriations. A review of the appropriations ledger for the General Fund noted the following deficiencies:

- The DLGF final certified budget amount totaled \$46,997,249. The County's appropriation ledger noted an original budget amount of \$47,370,280, which resulted in the overstatement of the budget by \$373,031.
- The DLGF approved additional appropriations totaling \$1,795,462. The County's ledger total additional and adjusted appropriations were \$2,351,390, which resulted in a \$555,928 increase in appropriations without supporting documentation.
- The County is allowed to encumber expenses that are budgeted in one year but not paid until the next if certain criteria are met. The County encumbered \$419,923 from 2019 to 2020; however, a detailed listing of the contract or purchase orders to support the amount was not County Council approved.
- Disbursements in the General Fund exceeded the appropriations by \$335,378 based on the DLGF certified budget and approved additional appropriations.

Due to the lack of effective internal controls, the Original and Final Budgeted Amounts reported on the Required Supplementary Information - Budgetary Comparison Schedule for the General Fund could not be verified. The County approved the omission of the Required Supplementary Information - Budgetary Comparison Schedule for the General Fund from the Financial Statement Audit Report.

Criteria

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COUNTY COUNCIL
LAPORTE COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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. . . ."

Appropriations may be carried forward to the following year if any of the following conditions exist:

1. A lawful contract has been entered into with a vendor or contractor on or before December 31 and all or a part of the contract has not been paid.
2. A purchase order has been issued on or before December 31, entered as an encumbrance against an existing appropriation, and isn't paid as of December 31.
3. Proceeds of a bond issue have been duly appropriated and remain unexpended as of December 31.
4. Appropriations which are obligated by a contract or a agreement executed on or before December 31, between the county and any federal or state agency, such as a criminal justice planning grant, local road and street project, or federal grant requiring local matching funds.

Only the amount required to meet the balance due on a contract or purchase order may be carried forward; the amount remaining in the appropriation account shall revert to the fund from which appropriated.

(The County Bulletin and Uniform Compliance Guidelines, March 2020)



Randy Novak
LaPorte County Council President
555 Michigan Avenue, Suite 205
LaPorte, IN 46350-3490

July 8, 2024

Indiana State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

Re: Supplemental Compliance Report of the LaPorte County
Council

The audit results and comments were reviewed in detail on July 2, 2024. The findings issued by the State Board of Accounts identified several deficiencies of which the Council can implement additional internal controls to remedy.

In order to prevent disbursements from exceeding appropriations, the Council will request that the Auditor's Office prepare monthly budget to actual reports that provide current expenditures at the account level relative to their budgeted amount. Furthermore, the Council will require contracts or purchase orders to support requested encumbrances.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy Novak". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Randy Novak
Council President

COUNTY COUNCIL
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2024, with Timothy Stabosz, County Auditor; Connie Gramarossa, President of the Board of County Commissioners; Joseph Haney, County Commissioner; Richard Mrozinski, County Commissioner; Randy Novak, President of the County Council; Justin Kiel, County Council member; Earl Cunningham, County Council member; Rhonda Graves, Chief Deputy County Auditor; Amy Pahs, Chief Deputy County Treasurer; and L. Scott Pejic, County Attorney.

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PUBLIC DEFENDERS' COMMISSION
LAPORTE COUNTY

PUBLIC DEFENDERS' COMMISSION
LAPORTE COUNTY
AUDIT RESULT AND COMMENT

PUBLIC DEFENDERS' CONTRACTS

Condition and Context

The Public Defenders' office contracts with attorneys to serve as Deputy Public Defenders based on the approved budget by the County Council. In 2020, the County paid 21 Deputy Public Defenders a total of \$1,000,940 for services. However, a current written contract or detailed invoice was not provided to support the accounts payable voucher payment for contractual services.

Criteria

Indiana Code 33-40-7-8 states:

- "(a) A county public defender may contract with an attorney, a group of attorneys, or a private organization to provide legal representation under this chapter.
- (b) The board shall establish the provisions of the contract under this section.
- (c) The county fiscal body shall appropriate an amount sufficient to meet the obligations of the contract."

Indiana Code 33-40-7-9 states:

"The board may establish an assigned counsel system of panel attorneys to provide legal representation under this chapter that shall operate as follows:

- (1) The board shall gather and maintain a list of attorneys qualified to represent indigent defendants.
- (2) Upon the determination by a court that a person is indigent and entitled to legal representation at public expense, the court shall appoint an attorney to provide the representation from the list maintained by the board.
- (3) An attorney appointed to provide representation under this section may request authorization from the judge hearing the case for expenditures for investigative services, expert witnesses, or other services necessary to provide adequate legal representation.
- (4) An attorney appointed to provide representation under this section is entitled to receive compensation and reimbursement for budgeted expenses by submitting a voucher to the court. Upon approval of the voucher by the appropriate judge, the voucher shall be presented to the county auditor who shall process the claim as other claims against county funds are processed.
- (5) An attorney appointed to provide representation under this section shall, upon completion of representation, report to the board information regarding the case disposition."

BRAJE, NELSON & JANES, LLP

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C. T. KITOWSKI
(1925-2005)
Paralegals
PATTI L. PISHKUR
CHRISTINA M. TILDEN
LYNN A. OWENS

June 26, 2024

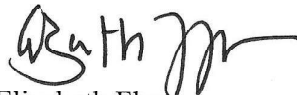
Paul Joyce, CPA
State Examiner
State Board of Accounts
302 West Washington Stret,
Room E 418
Indianapolis, Indiana 46204-2765

Re: OFFICIAL RESPONSE

Dear Mr. Joyce:

Please allow this letter to serve as LaPorte County Public Defender's Official Response to the Audit Results and Comments. It has come to the attention of the Public Defender's office, and the Public Defender Board, that current written contracts were not in existence in 2020 as required by Indiana Statute. This issue has been addressed and contracts have been executed with all public defenders. Further, these contracts will be executed yearly moving forward. Finally, please be advised that these contracts have been provided to the LaPorte County Auditor's Office. Thus, the issue has been remedied. Please advise should you have any questions or concerns.

Sincerely,



Elizabeth Flynn
Chief Public Defender, LaPorte County

PUBLIC DEFENDERS' COMMISSION
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were also discussed on June 26, 2024, with Elizabeth Flynn, Chief Public Defender, and Dale Brown, Public Defender's Commission member.

The contents of this report were discussed on July 2, 2024, with Timothy Stabosz, County Auditor; Connie Gramarossa, President of the Board of County Commissioners; Joseph Haney, County Commissioner; Richard Mrozinski, County Commissioner; Randy Novak, President of the County Council; Justin Kiel, County Council member; Earl Cunningham, County Council member; Rhonda Graves, Chief Deputy County Auditor; Amy Pahs, Chief Deputy County Treasurer; and L. Scott Pejic, County Attorney.