

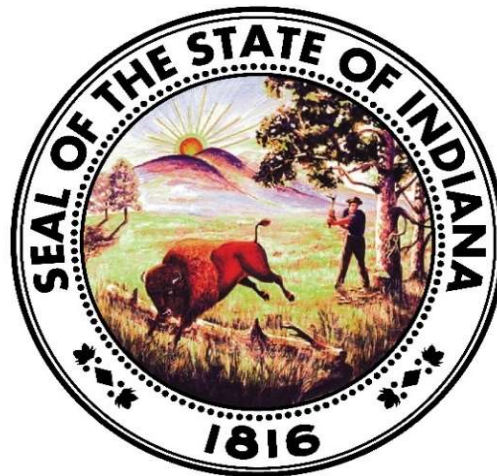
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT 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. Chrobak Heather Stevens	01-01-20 to 12-31-20 01-01-21 to 12-31-24
County Sheriff	John T. Boyd Ron Heeg	01-01-20 to 12-31-22 01-01-23 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 Michael Rosenbaum Randy Novak	01-01-20 to 12-31-22 01-01-23 to 12-31-23 01-01-24 to 12-31-24



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

TO: THE OFFICIALS OF LAPORTE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LaPorte County (County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 15, 2024. The opinion on the aggregate discretely presented component units was qualified because both discretely presented component units' capital assets, net of accumulated depreciation, was either not complete or could not be verified. Also, the solid waste district offered but did not recognize the related costs for other post-employment benefits (OPEB) and for capital assets net of accumulated depreciation. Therefore, these items were not properly included in the County's financial statements.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-002, 2020-003, and 2020-004, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001, 2020-003, and 2020-004.

LaPorte County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described, in the accompanying Schedule of Findings and Questioned Costs. The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 15, 2024



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

TO: THE OFFICIALS OF LAPORTE COUNTY, INDIANA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited LaPorte County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2020. The County's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 15, 2024, which contained unmodified opinions on those financial statements except for the aggregate discretely presented component units, for which the opinion was qualified. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 15, 2024

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

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LAPORTE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2020	\$ -	\$ 3,897
Juvenile Services Center Food Program					
National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	7,300
Juvenile Services Center Food Program					
Juvenile Services Center Food Program - Commodities				-	1,765
Subtotal - National School Lunch Program				-	9,065
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555	FY 2020	-	3,045
Juvenile Services Center Food Program					
Total - National School Lunch Program				-	12,110
Total - Child Nutrition Cluster				-	16,007
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2020	-	938
Child and Adult Care Food Program					
Total - Department of Agriculture				-	16,945
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii OCRA Grant	Indiana Office of Community and Rural Affairs	14.228	#038-CDBG-CV-SUB	-	500,000
Total - Department of Housing and Urban Development				-	500,000
<u>Department of the Interior</u>					
Outdoor Recreation Acquisition, Development and Planning Luhr County Park Grant	Indiana Department of Natural Resources	15.916	#300OR1180060800	-	153,906
Total - Department of the Interior				-	153,906
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program ICAC Grant	Indiana Criminal Justice Institute	16.738	#03219DJBX001803	-	62,753
Juvenile Justice and Delinquency Prevention Juvenile Justice LGBTQ	Indiana Criminal Justice Institute	16.540	2016-JF-FX-0041; 2017-JF-FX-0021	-	5,794
Crime Victim Assistance Prosecutor Victim Advocate Grant	Indiana Criminal Justice Institute	16.575	#03217VAGX000403	-	101,844

LAPORTE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Comprehensive Opioid, Stimulant, and Substance Abuse Program Federal Opioid Abuse Grant	Direct Grant	16.838	#2019-AR-BX-K081	-	33,032
Total - Department of Justice				-	203,423
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205			
Johnson Road Intersection Grant			DES #1382219	-	108,848
CMAQ Lincoln Trail Grant			DES #1382604	-	1,149
CMAQ Fuel Grant			DES #1400571	-	4,875
Otis Road Bridge			DES #1401027	-	61,702
Countywide Bridge Inspection Grant			DES #1500346	-	7,585
Marquette Greenway Grant			DES #1592335	-	60,145
Economic Development Corridor Grant			DES #1592338	-	97,342
Lofgren Rd. Intersection Grant			DES #1702829	-	52,285
Lincoln Trail Extension Grant			DES #1901831	-	139,970
Countywide Bridge Grant 20			DES #1902029	-	55,959
Total - Highway Planning and Construction Cluster				-	589,860
Highway Safety Cluster State and Community Highway Safety Operation Pull Over	Indiana Criminal Justice Institute	20.600	#032NHTSA402CF19	-	9,170
Total - Highway Safety Cluster				-	9,170
Minimum Penalties for Repeat Offenders for Driving While Intoxicated DUI Task Force Indiana	Indiana Criminal Justice Institute	20.608	#032NHT164ALCF18	-	8,979
Total - Department of Transportation				-	608,009
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus Relief Fund Health Dept. COVID-19 Testing Coronavirus Relief Fund	Indiana State Department of Health Indiana Finance Authority	21.019	FY 2020 FY 2020	- -	56,919 3,569,043
Total - Department of the Treasury				-	3,625,962
<u>Environmental Protection Agency</u>					
Beach Monitoring and Notification Program Implementation Grants Indiana Lake Michigan Beach Grant	Indiana Department of Environmental Management	66.472	#495BEACHMNTGF20	-	6,378
Total - Environmental Protection Agency				-	6,378

LAPORTE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2020

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness	Indiana State Department of Health	93.069			
Public Health Preparedness and Emergency Response 19			#40093069PHEPA20	-	19,036
Public Health Preparedness and Emergency Response 20			#40093069PHEPA21	-	16,983
				-	36,019
Total - Public Health Emergency Preparedness					
Child Support Enforcement	Indiana Department of Child Services	93.563			
Clerk Title IV-D Incentive			FY 2020	-	12,268
Clerk Title IV-D General Fund			FY 2020	-	38,497
Title IV-D Indirect General Fund			FY 2020	-	28,465
Pros Title IV-D Incentive			FY 2020	-	73,498
Pros Title IV-D General Fund			FY 2020	-	544,145
Prosecutor PCA Fund			FY 2020	-	4,220
Clerk PCA Fund			FY 2020	-	3,012
				-	704,105
Total - Child Support Enforcement					
State Court Improvement Program	Indiana Supreme Court	93.586			
Court Improvement Program			#022FG1901INSCIP	-	2,375
Opioid STR	Indiana Supreme Court	93.788			
Opioid Response			#21-5JC89-C46-001	-	34,847
Maternal and Child Health Services Block Grant to the States	Indiana State Department of Health	93.994			
Maternal and Child Health Grant			#40093994TITLV19	-	20,500
				-	797,846
Total - Department of Health and Human Services					
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance	Indiana Department of Natural Resources	97.012			
Marine Patrol Grant			#300LE1BOATGRT20	-	1,943
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036			
			#385PA4363000000	-	315,736
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
2017 SHSP			#38517SHSP000000	-	75,983
				-	393,662
Total - Department of Homeland Security					
Total federal awards expended				\$ -	\$ 6,306,131

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

LAPORTE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental activities	Unmodified
Aggregate discretely presented component units	Qualified
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.019	COVID-19 - Coronavirus Relief Fund	Unmodified

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2020-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-001.

LAPORTE COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

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.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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. . . .

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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. . . ."

Cause

The system of internal controls over the review of the County's AFR was not operating effectively to prevent, or detect and correct, errors prior to submission. In addition, a system of internal controls was not designed or implemented overseeing the work of the consultant during the conversion from cash basis AFR to GAAP financial statements or the completed GAAP financial statements and note disclosures to ensure they were accurate and complete.

Effect

Without a proper system of internal controls in place that operated effectively, material errors in the County's financial statements and note disclosures remained undetected. These misstatements, if uncorrected, could mislead end users of the County's financial statements.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2020-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-002.

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. . . ."

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The system of internal controls over the review of the Clerk's disbursements and SAR was not properly implemented. The Clerk did not document the implementation of a proper system of internal controls over financial transactions and reporting.

Effect

Without a proper system of internal controls in place that operated effectively, material errors could have remained undetected. These misstatements, if uncorrected, could mislead end users of the County's financial statements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2020-003

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-003.

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.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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 (EFT) 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.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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)

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)

Cause

A system of internal controls over the monthly bank reconciliations and receipt process was not designed or implemented by the County Treasurer.

Effect

Without a proper system of internal controls in place that operated effectively, material errors in the County's financial statements remained undetected. These misstatements, if uncorrected, could mislead end users of the County's financial statements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2020-004

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2019-004.

Condition and Context

The County is required to file reports after the close of each fiscal year. The reports are to be filed electronically as prescribed.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County filed its reports as prescribed; however, the internal controls over the federal award information entered in the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The County did not properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award 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.

Due to the lack of effective internal controls, the SEFA presented for audit included 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.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

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](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

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:

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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. . . ."

Cause

Management of the County had not established a system of internal controls that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operates effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: 2020

Finding Subject: Financial Transactions and Reporting - Auditor

Summary of Finding:

Financial Statements and Notes to the Financial Statements

The County did not have good internal controls in place to ensure the financial statements and note disclosures were accurate and complete.

Correction: Going forward we will verify the reports to the conversion worksheets. All vendor reports will be reviewed and signed by the Auditor's Office.

Capital Assets, Depreciating Expense, and Accumulated Depreciation

The County did not have good internal controls in place to ensure proper reporting of Capital Assets.

Correction: We have since started using Peterson Consulting to take care of our Capital Assets. All vendor reports will be reviewed and signed by the Auditor's office.

Discretely Presented Component Units

The County did not have good internal controls to ensure financial statements and note disclosures were accurate, complete, and in accordance with the GAAP basis of accounting.

Correction: Correction: Going forward we will verify the reports to the conversion worksheets. All vendor reports will be reviewed and signed by the Auditor's office.

Other Post-Employment Benefits Census Data

There was no documentation that shows the OPEB census data was reviewed by a second individual prior to providing the information to the actuary to ensure the completeness and accuracy of the census data.

Correction: The HR report will be double checked to make sure everyone on the list is still actively receiving benefits. If anyone is deceased, for example, they will be removed before submitting the report.

Taxes Receivable

The County did not have good internal controls 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 \$6,184,301 were omitted from the property tax receivable calculation.

Correction: Going forward we will verify the reports to the conversion worksheets. All vendor reports will be reviewed and signed by the Auditor's Office.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

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 omitted material departments.

Correction: A Monthly Financial Statement will be completed and signed by both the Auditor's and Treasurer's Offices.

Status of Audit Finding:

Not corrected

Response Comments:

Because this audit is being completed in 2023-2024, many things have changed including staff. Therefore, the corrections we have implemented, or will implement as of 2024, are listed below each finding.



Heather Stevens, Clerk

Chief Deputy
Kari Barenie

La Porte Circuit Court

(219) 326-6808, Ext. 2250

CIRCUIT COURT DIVISION
COURTHOUSE
813 LINCOLNWAY, SUITE 105
LAPORTE, IN 46350-3492
(219) 326-6808
EXT. 2270 & 2259

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-002, and FINDING 2018-002

Fiscal year in which the finding initially occurred: 2013

Current Audit Period: 2020

Finding Subject: Financial Transactions and Reporting-Clerk of the Circuit Court
(Clerk)

Summary of Finding:

1. Lack of Segregation of Duties: The Clerk had not separated incompatible activities related to the Indiana Support Enforcement Tracking System (ISETS) Cash. Only one individual performed the bank reconciliation for ISETS with no oversight or review. Internal control activities should be in place to reduce the risk of errors in financial reporting.
2. The Clerk had not established effective, documented internal controls related to financial close and reporting. There was no documentation of review of oversight of the Supplemental County Annual Report (CAR-1) that was reported to the County Auditor for inclusion in the County's Annual Financial Report (AFR).

Status of Audit Finding:

Partially Corrected

Response Comments:

1. Controls were still being implemented. As of January 1, 2021, monthly reconciliations are completed by the Chief Deputy and the ISETS Clerk clears checks from the bank statement into the ISETS system. The bank reconciliation is compared/balanced to the ISETS software program each month. An excel spreadsheet is maintained to show the reconciliation of account and noted differences. The Clerk signs a monthly report showing review of the reconciliation.
2. Controls were still being implemented. As of January 1, 2021, the Clerk's Supplemental Annual Financial Report is completed by the Bookkeeper and verified by the Chief Deputy. The Clerk reviews and signs the CAR-1 report before being submitted to the Auditor.

Joie Winski
LaPorte County Treasurer
555 Michigan Ave; Suite 102
LaPorte, IN 46350
219-326-6808 ext 2465

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-003

Fiscal year in which the finding initially occurred: 2019

Current Audit Period: 2020

Finding Subject: Financial Transactions and Reporting – County Treasurer

Summary of Finding:

Internal controls had not been properly designed to ensure reconciliations of the record balances to the depository balances and investment balances were accurate and completeness of the recording of the investment activity. Investments reported were not reconciled to actual investments and the County's Investment Register contained material errors.

There were no internal controls identified over the receipting process to ensure accuracy.

There was no oversight or review process to ensure the Monthly Financial Statements were complete and accurate.

Status of Audit Finding:

Not Corrected – ongoing, currently working on correcting

Response Comments:

Internal controls are still being implemented. Investment register is corrected and is recorded and reflected in the financial software as of February 26, 2024.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-004 and FINDING 2018-001

Fiscal year in which the finding initially occurred: 2012

Current Audit Period: 2020

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding:

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Governmental Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA). The county did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the SEFA.

Status of Audit Finding:

Not Corrected

Response Comments:

We have new staff in place that uses a worksheet to record the information each year. The report will give a total of all funds reported, so that during a double check the amounts entered can be verified by the total of the ledgers. The current year worksheet is also verified against the previous year's worksheet to make sure all necessary information was carried forward.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

CORRECTIVE ACTION PLAN

FINDING 2020-001

Finding Subject: Financial Transactions and Reporting **Summary of Finding:**

Financial Statements and Notes to the Financial Statements

The County did not have effective internal controls in place to ensure the financial statements and note disclosures were accurate and complete and in accordance with Generally Accepted Accounting Principles (GAAP).

Taxes Receivable

The County did not have good internal controls 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.

Discretely Presented Component Units

The County did not have good internal controls to ensure the County's Discretely Presented Component units financial statements and note disclosures were accurate, complete, and in accordance with the GAAP basis of accounting for .

Other Post-Employment Benefits Census Data

There was no documentation that shows the OPEB census data was reviewed by a second individual prior to providing the information to the actuary to ensure the completeness and accuracy of the census data.

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.

Contact Person Responsible for Corrective Action: Timothy Stabosz

Contact Phone Number and Email Address: 219-326-6808 x2226 tstabosz@laporteco.in.gov

Views of Responsible Officials:

We concur with the finding.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

Description of Corrective Action Plan:

Financial Statements and Notes to the Financial Statements

Going forward, we will compare the reports we complete to the conversion worksheets sent by the compiler. All compiler reports will be reviewed and signed by the Auditor's Office to confirm there are no errors.

Taxes Receivable

Going forward we will double check all compiler reports for accuracy and sign that we reviewed the report.

Discretely Presented Component Units

Going forward we will verify all compiler reports for accuracy and sign that we reviewed the report.

Other Post-Employment Benefits Census Data

The HR Report will be double checked to make sure everyone on the list is still activity receiving benefits. If anyone is deceased, for example, they will be removed before submitting the report.

Financial Close and Reporting

Form 61 the reconciliation of the Auditor and Treasurer will be completed and signed by both the Auditor's and Treasurer's Offices monthly.

Anticipated Completion Date:

June 2024



Heather Stevens, Clerk

Chief Deputy
Kari Barenie

La Porte Circuit Court

(219) 326-6808, Ext. 2250

CIRCUIT COURT DIVISION
COURTHOUSE
813 LINCOLNWAY, SUITE 105
LAPORTE, IN 46350-3492
(219) 326-6808
EXT. 2270 & 2259

CORRECTIVE ACTION PLAN

FINDING 2020-002

Finding Subject: Financial Transactions and Reporting Summary of Finding:

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 (AFR) submitted in the Indiana Gateway for Government Units (Gateway) 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.

Contact Person Responsible for Corrective Action: Heather Stevens

Contact Phone Number and Email Address: 219-326-6808 ext: 2250, hstevens@laporteco.in.gov

Views of Responsible Officials: We concur with the finding.

Description of Corrective Action Plan:

Disbursements

Disbursements are reviewed daily and a signature is marked on the Check Register report each day as checks are mailed.

Financial Close and Reporting

Controls were implemented over the SAR. The SAR is completed by our bookkeeper in our Michigan City office and is reviewed with the Chief Deputy clerk in our La Porte office. Final review and approval is done by the Clerk. Approval is noted as signature on the form.

Anticipated Completion Date: January 01, 2021, Changes made with the election of the new Clerk in January 2021.

Joie Winski
LaPorte County Treasurer
555 Michigan Ave; Suite 102
LaPorte, IN 46350
219-326-6808 ext 2465

CORRECTIVE ACTION PLAN

FINDING 2020-003

Finding Subject: Financial Transactions and Reporting Summary of Finding:

Bank Reconcilements - 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.

Receipts-Internal controls had not been designed or implemented over receipts to ensure the accuracy, timeliness, and completeness of the Treasurer's cash book. 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 (EFT) 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.

Contact Person Responsible for Corrective Action: Joie Winski, LaPorte County Treasurer
Contact Phone Number and Email Address: jwinski@laporteco.in.gov 219-326-6808 ext 2465

Views of Responsible Officials:

Option 1: *"We concur with the finding."*

Description of Corrective Action Plan:

Not Corrected – ongoing, currently working on correcting

Response Comments:

Internal controls are being implemented. Investment register is corrected and is recorded and reflected in the financial software as of June 30th, 2024.

Bank Reconcilements - Reconciliation for 2020 is completed and will be kept up to date on a daily basis and now include investment activity. Ellen is in the process of completing the 2023 reconciliations and they will be reviewed by Molly. Bank reconcilements will be completed on a monthly basis and submitted to Gateway accordingly by Amy.

Receipts- In process of correcting – ongoing; Electronic fund transfers from State Comptroller will be verified by Amy and Ellen on daily basis. Receipts will be reviewed on a daily basis – initiated by Molly, reviewed by Ellen and processed by Amy. All paperwork is kept by Amy and double signatures are required as verification.

Financial Close and Reporting- Monthly financial statements are being prepared. Steps are being taken to ensure accuracy. Treasurer will supply Form 61 to auditor on a monthly basis after bank recs are completed. Signatures by both auditor and treasurer will be included noting that they are in agreement.

Anticipated Completion Date: June 30th, 2024.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

CORRECTIVE ACTION PLAN

FINDING 2020-004

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding:

The County did not to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award 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.

Contact Person Responsible for Corrective Action: Timothy Stabosz

Contact Phone Number and Email Address: 219-326-6808 x2226 tstabosz@laporteco.in.gov

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

We have a new staff in place that uses a worksheet to record the information each year. The report will give a total of all funds reported, so that during a double check the amounts entered can be verified by the total of the ledgers. The current year worksheet is also verified against the previous year's worksheet to make sure all necessary information was carried forward. Our office also implemented a procedure for this process that allows for signatures and proof of double checks.

Grant files will be maintained with copies of the grant agreement and include any grant requests for reimbursement and any required reports.

Anticipated Completion Date:

May 2024

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.