

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
DEKALB COUNTY AIRPORT AUTHORITY
DEKALB COUNTY, INDIANA
January 1, 2017 to December 31, 2017



FILED
08/09/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Federal Finding: Finding 2017-001 Preparation of the Schedule of Expenditures of Federal Awards	4
Corrective Action Plan.....	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Russ Couchman	01-01-17 to 12-31-18
President of the Airport Authority Board	Brad Hartz	01-01-17 to 03-06-17
	(Vacant)	03-07-17 to 04-20-17
	John Chalmers	04-21-17 to 12-31-17
	Jess Myers	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE DEKALB COUNTY AIRPORT AUTHORITY, DEKALB COUNTY, INDIANA

This report is supplemental to our audit report of the DeKalb County Airport Authority (Authority), for the period from January 1, 2017 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the Authority. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Authority, which provides our opinions on the Authority's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

July 19, 2018

DEKALB COUNTY AIRPORT AUTHORITY
FEDERAL FINDING

FINDING 2017-001

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

Condition

The Authority did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared the federal award information entered into the Indiana Gateway for Government Units reporting system, which was the source of the SEFA, without a control process in place to ensure its accuracy before submission.

Context

This was a systemic issue throughout the audit period.

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. . . ."

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

Recommendation

We recommended that the Authority's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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



2710 County Road 60, Suite 200, Auburn, Indiana 46706

260-927-8876 Office 1-260-333-0208 Fax www.dekalbcountyairport.com

The Biggest Little Airport In NE Indiana

June 26, 2018

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Russ Couchman, Airport Manager/Treasurer
Contact Phone Number:

Views of Responsible Official:

It is the goal of management and of the Board of the DeKalb County Airport Authority to establish and follow internal controls in an effort to ensure accountability and control over the assets entrusted to us. It has come to our attention that we have an opportunity to strengthen our internal controls and we welcome the opportunity to do so.

While entering the Schedule of Expenditures of Federal Awards (SEFA) into the State of Indiana Gateway, management did not have in place a method to ensure accuracy prior to final submission. Indiana Gateway for Government Units is the collection platform for local units of government to submit required data to the State of Indiana, as well as a public access tool for citizens.

Description of Corrective Action Plan:

Future SEFA entries to the Annual Report in Gateway will include a printed copy with signature of the primary person who entered the data and a signature of a secondary person (third party consulting services) as attesting to the accuracy. Should the data be entered by third party consulting service, they will sign as primary person who entered the data and management will sign as attesting to the accuracy. These printed copies shall be kept with hard-copy records for future audit purposes

Anticipated Completion Date:

Immediately – Annual Report compilation.



(Signature)

Russell J. Couchman, Airport Manager/Treasurer
DeKalb County Airport Authority (DCAA)
2710 County Road 60, Suite 200
Auburn, IN 46706
260-927-8876 Office

From land to air, We work hard to keep you moving. We're ready when you are...

DEKALB COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2018, with Russ Couchman, Treasurer; Jason Hoyt, Assistant Airport Manager; and Jess Myers, President of the Airport Authority Board.