

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

SPECIAL COMPLIANCE REPORT  
OF

MARQUETTE PARK  
CITY OF GARY  
LAKE COUNTY, INDIANA

January 1, 2015 to December 31, 2016



**FILED**  
10/11/2018



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TO: THE OFFICIALS OF THE CITY OF GARY, LAKE COUNTY, INDIANA

This is a special compliance report for Marquette Park, City of Gary (City), for the period January 1, 2015 to December 31, 2016, and is in addition to any other report for the City as required under Indiana Code 5-11-1. All reports pertaining to the City may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. We limited our procedures to records associated with rentals of the Marquette Park Pavilion, including rental agreements and associated documents, Marquette Park Pavilion receipts, City Controller and Park Department records, receipts, and bank statements for Marquette Park. The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

August 22, 2018

MARQUETTE PARK  
CITY OF GARY  
RESULTS AND COMMENTS

**BACKGROUND**

The Marquette Park (Park) Pavilion was available to the public to rent for special occasions such as weddings, reunions, corporate events, etc. The rental fees varied depending on the type of event, space rented within the Pavilion, and additional services provided by Park personnel. Fees for a rental were supported by a rental agreement between the Park and the lessee and a deposit was required upon signing of the agreement. Receipts were to be issued by Park personnel for any payments received. All payments were to be submitted to the Park Director along with a weekly deposit report by the Pavilion Manager. The Pavilion Manager's responsibilities included scheduling events, preparing the contracts, accepting payments, issuing receipts, preparing the weekly deposit report, and submitting the collections to the Park Director. The Park Director in turn, remitted the collections to the City Controller's office for deposit to the City's bank account.

In December of 2016, City officials became aware of a missing bank bag. A subsequent audit conducted by the City's internal audit division identified collections of rental fees that were not remitted to the City Controller. Additional documentation was presented that indicated cash collections were being improperly used to pay various expenses of the park.

LaShawn Brooks was the Park Pavilion Manager during the period January 1, 2015 through June 30, 2015. Tiffany Merrills was the Park Pavilion Manager during the period July 1, 2015 through December 31, 2015. Kamisha Jackson was the Park Pavilion Clerk for the period January 1, 2015 through December 31, 2015.

The Indiana State Board of Accounts was notified by the City officials in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting for rentals at the Park. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines for Cities and Towns.

**PAVILION COLLECTIONS**

We compared the receipts issued for Pavilion rentals to remittances to the City Controller to determine if all collections were properly remitted. Additionally, we examined the event files maintained for Pavilion rentals. We found evidence of rental payments that were not supported by a receipt issued by the Park Department. Based on the combination of tracing receipts to the City Controller and the review of the files containing rental agreements and invoices, we determined that a total \$7,725.50 in Pavilion rentals were not remitted to the City Controller.

The Pavilion Manager stated that cash collections from Pavilion rentals were often used to purchase items for the operation of the Pavilion.

MARQUETTE PARK  
CITY OF GARY  
RESULTS AND COMMENTS  
(Continued)

Multiple Park personnel handled the collection of Park receipts and had access to the collections. There were no management oversight procedures in place to insure proper handling of receipts generated from Pavilion rental collections.

On May 12, 2016, the Pavilion Manager remitted the cash on hand in the amount of \$827 to the City Controller.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

***INTERNAL CONTROL DEFICIENCIES***

There were deficiencies noted in the internal controls regarding the handling of Pavilion rentals and remittance of the rental collections to the City Controller. Adequate documentation was not maintained. Receipts were not always written. There was no oversight to ensure that all receipt numbers were included in remittances that were received by the City Controller. There was not an adequate separation of duties among the employees managing and working for the Park Pavilion.

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. . . ."

MARQUETTE PARK  
CITY OF GARY  
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2018, with Karen Wilson-Freeman, Mayor; Angie Hayes, City Controller; and Nathaniel George, Park Superintendent.