

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAPORTE MUNICIPAL AIRPORT AUTHORITY

LAPORTE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
10/11/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	James Shearin	01-01-14 to 12-31-18
President of the Airport Authority Board	Edward L. Volk	01-01-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LAPORTE MUNICIPAL AIRPORT
AUTHORITY, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of the LaPorte Municipal Airport Authority (Authority), for the period from January 1, 2014 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Authority. It should be read in conjunction with our Financial Statements Audit Report of the Authority, which provides our opinion on the Authority'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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

September 6, 2018

LAPORTE MUNICIPAL AIRPORT AUTHORITY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

There were deficiencies in the internal control system of the Authority related to financial transactions. The Authority had not implemented adequate segregation of duties, as they had not separated incompatible activities related to receipts and payroll disbursements.

Receipts

There were no documented controls to ensure that collections were properly receipted. One person was able to generate the receipt, prepare the deposit log, and take the deposit to the bank without oversight or review.

Payroll Disbursements

There were no documented controls to ensure that payroll disbursements were properly reviewed for accuracy. There were no documented controls to ensure that timesheets or attendance records were approved by a department head or that part-time employee's hourly pay rates were approved by the governing board.

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. . . ."

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OFFICIAL RESPONSE

Response to comments regarding internal control deficiencies noted in the audit results for the La Porte Municipal Airport Authority.

Receipts – Due to limited staff size there are instances when only one person is available to perform all functions of receipting, logging, and depositing cash receipts. The Airport will implement additional procedures for management to document review of receipt and deposit reports.

Payroll – Controls exist to insure payroll is complete and accurate. The Airport will implement additional procedures for documenting review of time cards and monthly payroll reports. Board of Director approval of part time staff pay rates will be documented in the board minutes.

LAPORTE MUNICIPAL AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2018, with James Shearin, Treasurer; Edward L. Volk, President of the Airport Authority Board; and Diane Schwarz, Manager - Planning and Operations.