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March 8, 2019

Convention and Visitor Bureau Members
Lake County Convention and Visitors Bureau
7770 Corinne Drive
Hammond, IN 46323

This report is supplemental to the audit report of the Lake County Convention and Visitors Bureau (District), for the period from January 1, 2015 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Lake County Convention and Visitors Bureau prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains two Examination Findings and Results. Management's response may be found on page 5 and 6.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**COMPLIANCE EXAMINATION OF
LAKE COUNTY CONVENTION & VISITORS BUREAU**

Lake County, Indiana
January 1, 2015 to December 31, 2017

LAKE COUNTY CONVENTION & VISITORS BUREAU
Lake County, Indiana
January 1, 2015 to December 31, 2017

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LAKE COUNTY CONVENTION & VISITORS BUREAU
SCHEDULE OF OFFICIALS
January 1, 2015 to December 31, 2017

<u>Office</u>	<u>Official</u>	<u>Term</u>
President/CEO	Speros A. Batistatos	01-01-15 to 12-31-17
Treasurer	John Kiernan	01-01-15 to 12-31-17
Chief Financial Officer	Janis Flutka	01-01-11 to 08-31-15
	Cathy Svetanoff	09-01-15 to 12-31-17
Chairman of the Board of Directors	Victor DeMeyer	01-01-11 to 05-19-16
	Dale Johnson	05-19-16 to 10-20-16
	Robert Forster	10-20-16 to 12-31-17

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Lake County Convention and Visitors Bureau

We have examined Lake County Convention and Visitors Bureau's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2015 to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2015 to December 31, 2017, as described in items 2018-001 and 2018-002 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2015 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.


Crowe LLP

Indianapolis, Indiana
December 21, 2018

LAKE COUNTY CONVENTION & VISITORS BUREAU
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2015 to December 31, 2017

FINDING 2018-001: MATERIALITY THRESHOLD

Criteria: SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

Condition: During testing, we noted that the Unit had not adopted a materiality threshold for the periods under audit. The Unit adopted a materiality threshold during 2018.

FINDING 2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS

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 Manual indicates that all political subdivisions adopt a COSO based internal control framework.

Condition: The Unit has implemented certain internal controls. However, there is no formal documentation of the internal control environment for all aspects of a COSO based internal control framework. The Unit implemented documented internal controls standards during 2018.

LAKE COUNTY CONVENTION & VISITORS BUREAU
EXIT CONFERENCE
January 1, 2015 to December 31, 2017

The contents of this report were discussed on December 21, 2018, with Cathy Svetanoff, Chief Financial Officer, Robert Forster, Chairman, Speros Batistatos, President/CEO, and John Kiernan, Treasurer. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.



February 25, 2019

OFFICIAL RESPONSE

Mr. Christopher DuKate, CPA
Crowe LLP
3815 River Crossing Parkway, Suite 300
Indianapolis, IN 46240
VIA Email chris.dukate@crowe.com

CC: Todd Caldwell, State Board of Accounts - tcaldwell@sboa.in.gov

Dear Mr. DuKate:

Crowe LLP recently completed an examination on behalf of the Indiana State Board of Accounts for the fiscal years 2015, 2016 and 2017. The auditors noted two (2) specific findings. We would like to address those findings and results, as well as the organizational action that will be implemented immediately.

1) **FINDING 2018-001: MATERIALITY THRESHOLD**

The Lake County Convention and Visitors Bureau d/b/a South Shore Convention & Visitors Authority approved **Resolution 2018-09-10: A Resolution Establishing Materiality Threshold for Reporting Irregular Variances, Losses, Shortages and Thefts** at its September 2018 Board of Directors meeting. Our chief financial officer was new to the organization in 2015 when initial communication was sent regarding the SBOA State Examiner Directive 2015-6, and communication from the SBOA was being sent to the former CFO for several months. Regardless, the directive required immediate attention and our organization's implementation was delayed.

2) **FINDING 2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS**

The Lake County Convention and Visitors Bureau d/b/a South Shore Convention & Visitors Authority approved **Resolution 2016-09-14: A Resolution To Adopt The Uniform Internal Control Standards For Indiana Political Subdivisions** as per Indiana Code IC 5-11-1-27 in September 2016. All board members and staff were also training using the Internal Controls Webinar provided by the State Board of Accounts before the end of 2016. Any new board members or staff are training using the same webinar once they have joined the organization in their specified capacity.

The LCCVB's Board of Directors also passed two additional resolutions to further support its commitment to internal controls. **Resolution 2018-09-09: A Resolution Establishing An Internal Control System and Policy** and **Resolution 2018-09-11: A Resolution Establishing Stewardship And Financial Integrity** were adopted to further establish and define internal controls for the organization. The organization now understands that one additional layer of requirements are needed to achieve full compliance with the above noted finding, which is the formal documentation of the internal control environment for all aspects of a COSO-based internal control

framework. In 2019, the LCCVB's Finance Committee will begin its bi-annual review of the Five Components of the COSO Framework and the internal controls that exist or can be implemented to result in organizational compliance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Speros A. Batistatos', written in a cursive style.

Speros A. Batistatos, FCDME
President/CEO

cc: Robert Forster, Chairman
John Kiernan, Member