

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF LAPORTE

LAPORTE COUNTY, INDIANA

January 1, 2017 to December 31, 2017



**FILED**  
07/18/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Control - Receipts .....	6
Exit Conference .....	7

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Teresa L. Ludlow (deceased) (Vacant) Roger Galloway	01-01-17 to 09-30-18 10-01-18 to 11-26-18 11-27-18 to 12-31-19
Mayor	Blair E. Milo Mark A. Krentz	01-01-17 to 08-11-17 08-12-17 to 12-31-19
President of the Board of Public Works and Safety	Blair E. Milo Mark A. Krentz	01-01-17 to 08-11-17 08-12-17 to 12-31-19
President Pro Tempore of the Common Council	Joseph A. Mrozinske Roger Galloway (Vacant) Miles Fettinger	01-01-17 to 12-31-17 01-01-18 to 11-26-18 11-27-18 to 12-31-18 01-01-19 to 12-31-19



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE CITY OF LAPORTE, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of the City of LaPorte (City), 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 Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinion on the City's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws 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

June 17, 2019

(This page intentionally left blank.)

CLERK-TREASURER  
CITY OF LAPORTE

CLERK-TREASURER  
CITY OF LAPORTE  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROL - RECEIPTS***

There were deficiencies in the internal control system of the City. The City had not established a proper system of internal controls as they had not separated incompatible activities related to receipts. The failure to establish these controls could have enabled material misstatements to occur and remain undetected.

One employee recorded receipts without evidence of oversight or review to ensure the accuracy and classification of the receipts to the proper fund and account.

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. . . ."

CLERK-TREASURER  
CITY OF LAPORTE  
EXIT CONFERENCE

The contents of this report were discussed on June 17, 2019, with Renee Scherer, Common Council member; Karyl Machek-Feikes, Common Council member; Laura Cutler, Common Council member; Joe Mrozinske, Common Council member; Mark A. Krentz, Mayor; Roger Galloway, Clerk-Treasurer; Joanne Layman, Deputy Clerk-Treasurer; and Nicholas Otis, City Attorney.