

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

LAPORTE COUNTY SOLID WASTE  
MANAGEMENT DISTRICT  
LAPORTE COUNTY, INDIANA

January 1, 2016 to December 31, 2018



**FILED**  
12/09/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Clay Turner	01-01-16 to 12-31-19
Controller	(Vacant)	01-01-16 to 01-11-16
	Michelle Buford	01-12-16 to 09-16-16
	(Vacant)	09-17-16 to 09-25-16
	Lyn De Groot	09-26-16 to 12-31-19
President of the District Board	Mayor Ron Meer	01-01-16 to 12-31-16
	Mayor Blair Milo	01-01-17 to 07-31-17
	Mayor Mark Krentz	08-01-17 to 12-31-17
	Commissioner Rich Mrozinski	01-01-18 to 12-31-18
	Councilman Don Pryzbylinski	01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LAPORTE COUNTY SOLID WASTE  
MANAGEMENT DISTRICT, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of the LaPorte County Solid Waste Management District (District), for the period from January 1, 2016 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statements Audit Report of the District, which provides our opinion on the District's financial statements. 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 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

October 23, 2019

LAPORTE COUNTY SOLID WASTE MANAGEMENT DISTRICT  
AUDIT RESULT AND COMMENT

**FINANCIAL TRANSACTIONS AND REPORTING**

*Condition and Context*

The District had established controls to ensure the accuracy of the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statements. However, the controls did not operate effectively which allowed material misstatements to occur and not be detected or corrected. The District incorrectly reported bank transfers as receipts and disbursements. Audit adjustments to both receipts and disbursements of \$3,321,000, \$2,748,250, and \$3,010,591 in 2016, 2017, and 2018, respectively, were proposed and approved by the Controller.

*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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."



**LAPORTE COUNTY  
RECYCLING**  
SOLID WASTE DISTRICT  
2857 W. State Road 2, La Porte, IN 46350  
219-326-0014 • Fax 219-326-5310  
Clay Turner, Executive Director

10-31-2019

Official Response Letter

Corrective Action Plan

Findings 2016-2018

Contact Person Responsible for Corrective Action: Lyn De Groote, Controller/HR  
Contact Phone Number: (219)-326-0014

**Description of Corrective Action Plan:**

Bank to Bank Transfers will no longer be included as receipts and/or disbursements on Annual Report. All Transfers made will be submitted to the Director and Board members for their approval Gateway submissions will be initialed by Director.

**Anticipated Completion Date:**

Implementation of Corrective Action will take effect immediately.

Lyn De Groote

Controller/HR

La Porte County Solid Waste District

2857 W. State Road 2

La Porte, IN. 46350

(219)-326-0014

LAPORTE COUNTY SOLID WASTE MANAGEMENT DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on October 23, 2019, with Mike Mollenhauer, District Board member; Clay Turner, Director; and Lyn De Groot, Controller.