

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ST. JOSEPH COUNTY AIRPORT AUTHORITY

ST. JOSEPH COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/23/2020

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ST. JOSEPH COUNTY AIRPORT AUTHORITY
 SOUTH BEND INTERNATIONAL AIRPORT
 2019 OFFICIALS

Office	Official	Year Appointed	Term Expires
President	Dr. Bernard J. Asdell	2013	12/31/2023
Vice President	Mr. Thomas S. Botkin	2007	12/31/2022
Treasurer/Asst. Secretary	Mr. Abraham Marcus	2010	12/31/2021
Secretary	Mr. David R. Sage	1991	12/31/2020
CEO & Executive Director/Assistant Treasurer	Mr. Michael A Daigle, A.A.E.		



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TO: THE OFFICIALS OF THE ST. JOSEPH COUNTY AIRPORT
AUTHORITY, ST. JOSEPH COUNTY, INDIANA

This report is supplemental to our audit report of the St. Joseph County Airport Authority (Airport Authority), for the period from January 1, 2019 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Airport Authority. It should be read in conjunction with our Financial Statements Audit Report of the Airport Authority, which provides our opinions on the Airport 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 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

August 27, 2020

ST. JOSEPH COUNTY AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Airport Authority did not conduct a complete physical inventory at least every two years. A complete physical inventory has not been completed since 2010.

Criteria

A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A similar comment also appeared in prior Report B53490, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

There was a deficiency in the internal control system of the Airport Authority related to financial transactions and reporting. After revenues were entered into the accounting software system, there was no documented, timely review to ensure that they were recorded to the correct revenue account or fund.

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. . . ."

ST. JOSEPH COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on August 27, 2020, with Mr. Abraham Marcus, Treasurer/Asst. Secretary; Mr. Michael A. Daigle, A.A.E., CEO & Executive Director/Assistant Treasurer; Mr. Aaron Kobb, Vice President of Finance; Dr. Bernard J. Asdell, President; Mr. Thomas S. Botkin, Vice President; Mr. David R. Sage, Secretary; Mr. Tim O'Donnell, Vice President of Operations; Ms. Julie Curtis, Vice President of Marketing; and Mr. Mitchell Heppenheimer, Airport Authority Board Attorney.