

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DELAWARE COUNTY AIRPORT AUTHORITY

DELAWARE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
10/16/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Manager	Tim Baty	01-01-19 to 12-31-20
Treasurer	Rhonda Small	01-01-19 to 12-31-20
President of the Airport Authority Board	C. Kurt Alexander, M.D.	01-01-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE DELAWARE COUNTY AIRPORT
AUTHORITY, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Delaware County Airport Authority (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 Authority. It should be read in conjunction with our Financial Statement Audit Report of the Airport Authority, which provides our opinions on the Authority's financial statement. 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

October 8, 2020

DELAWARE COUNTY AIRPORT AUTHORITY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Condition and Context

There was a deficiency in the internal control system of the Authority related to financial transactions and reporting. The Authority had not separated incompatible activities related to financial close and reporting. The failure to establish internal controls could have enabled material misstatements to occur and remain undetected.

Financial Close and Reporting

The Authority had not separated incompatible activities related to the preparation and submission of its Annual Financial Report (AFR) in the Indiana Gateway for Government Units financial reporting system, which was the source for the AFR and financial statement. There was no evidence that an oversight, review, or approval process was in place to ensure the accuracy of the information entered.

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. . . ."

DELAWARE COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2020, with Rhonda Small, Treasurer; C. Kurt Alexander, M.D., President of the Airport Authority Board; Tim Baty, Airport Manager; Cathy Cross, Contracted Accountant; and Valerie Craig, Administrative Assistant.