

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LAPORTE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
03/29/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	JoEileen Winski	01-01-19 to 12-31-20
	Tim Stabosz	01-01-21 to 12-31-21
County Treasurer	Lynne Spevak	01-01-19 to 12-31-20
	JoEileen Winski	01-01-21 to 12-31-21
Clerk of the Circuit Court	Kathleen A. Chroback	01-01-19 to 12-31-20
	Heather Stevens	01-01-21 to 12-31-21
County Sheriff	John T. Boyd	01-01-19 to 12-31-21
Recorder	Lois Sosinski	01-01-19 to 12-31-20
	Elzbieta Bilderback	01-01-21 to 12-31-21
Community Corrections Director	Robert Neary	01-01-19 to 02-28-20
	(Vacant)	02-29-20 to 04-05-20
	Rochelle Brown	04-06-20 to 12-31-21
President of the Board of County Commissioners	Vidya Kora	01-01-19 to 12-31-19
	Sheila Matia	01-01-20 to 12-31-20
	Richard Mrozinski	01-01-21 to 12-31-21
President of the County Council	Randy Novak	01-01-19 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of LaPorte County (County), 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 County. It should be read in conjunction with our Financial Statements Audit Report of the County, which provides our opinions on the County's financial statements. When filed, 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

March 17, 2021

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LAPORTE COUNTY COMMUNITY CORRECTIONS
LAPORTE COUNTY

LAPORTE COUNTY COMMUNITY CORRECTIONS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The LaPorte County Community Corrections (Community Corrections) did not reconcile their bank accounts during the audit period. The Supplemental County Annual Financial Report remitted to the County Auditor recorded receipts and disbursements from the bank statements and not from actual recorded receipts and disbursement transactions.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

INTERNAL CONTROLS

Condition and Context

The Community Corrections had not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could have enabled material misstatements to occur and remain undetected. There were no controls in place over cash, receipts, assessment of fees, disbursements, and financial close and reporting. Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements.

Cash

Bank reconciliations were not completed during the audit period nor was there an internal control system in place over cash.

Receipts/Assessment of Fees

One employee could assess fees, collect payments, issue receipts, post to the accounting software system, prepare the deposit, and take the deposit to the bank. There was no review or oversight, or other compensating control, over the fee assessment, receipting, or depositing process to ensure accuracy.

Of the assessed fees tested, 50 percent were not properly assessed. We were not able to determine if 35 percent of the assessed fees tested were assessed correctly based on the documentation/information provided. Testing of receipts and related processes is on-going for the current period audited. Any additional comments will be issued in a separate report.

Disbursements

There was no documented review of disbursements or other compensating control to ensure accuracy.

LAPORTE COUNTY COMMUNITY CORRECTIONS
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Financial Close and Reporting

The amounts that were included on the Supplemental County Annual Financial Report were recorded from the bank statements, not from the Community Corrections' own official documentation or ledgers. There was no review or oversight, or other compensating control, over the financial close and reporting process to ensure accuracy.

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. . . ."

PUBLIC RECORDS RETENTION

Condition and Context

The supporting documentation that was used to determine the assessed fees was not retained for audit in paper records or within the computerized system (Informer) that holds the information. It could not be determined if the correct fees were assessed for 35 percent of the sample tested due to the lack of supporting documentation.

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."



LAPORTE COUNTY COMMUNITY CORRECTIONS

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Phone: (219) 326-6808 ext. 2353 or 2357 - Fax: (219) 326-5130
LaPorte Line: (219) 324-6304 / Michigan City Line: (219) 879-3590

ROCHELLE BROWN
Executive Director

SOLJOURNA ATWATER
Assistant Director

OFFICIAL RESPONSE

March 26, 2021

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re:

Good afternoon,

In the fall of 2020, Cender and Company was brought in to review several financial processes in place at LaPorte County Community Corrections. The goal of the review was to receive recommendations that could be implemented to ensure that the financial processes run in a smooth and accurate fashion moving forward.

The review process yielded two reports to the Board, one dated December 18, 2020, and the other February 3, 2021. Common to both reports was the recommendation that more internal controls be put in place at the facility. It should be noted that several positives were pointed out by Cender and Company regarding the practices currently in place.

It was recommended that monthly reports be created to show that both incoming and outgoing funds are being handled properly. These monthly reports are being delivered to the Advisory Board prior to each meeting. In simple terms, this allows additional sets of eyes to look things over. The Director is doing a good job going over these reports with the Board as an agenda item during each meeting.

Another recommendation was that the Department utilize INCite to view outstanding fees and certain reports in SRS that are not available at this time. This, as well as other ways to automate processes going forward will benefit the entire program. Currently, an attorney who specializes in collections is being considered to work with the Department to contact former participants who owe outstanding fees and retrieve those fees.

A concern about under billing certain participants in the past was due simply to inattention and inadvertent mistakes, and was not willful or fraudulent. New staff is now handling this process, and the Board expects that this combined with other recommendations made by Cender and Company, will prevent mistakes from being present in future compliance reviews.

In closing, on behalf of the Advisory Board, let me thank you for looking into the LaPorte County Community Corrections program. I am confident that all financial systems at LaPorte will continue to function smoothly and accurately now and in the future.

Best regards,
Steve Klosowski

President, LaPorte County Community Corrections Advisory Board

LAPORTE COUNTY COMMUNITY CORRECTIONS
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2021, with Robert Neary, former Community Corrections Director; Rochelle Brown, Community Corrections Director; Tom Alevizos, Community Corrections Advisory Board member; Sheila Matias, County Commissioner; Randy Novak, President of the County Council; Connie Gramarossa, County Council member; JoEileen Winski, County Treasurer; Shaw Friedman, County Commissioner Attorney; Sojourna Atwater, Assistant Community Corrections Director; and Mericka Beaty, Community Corrections Administrative Coordinator.