

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

STARKE COUNTY AIRPORT AUTHORITY

STARKE COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
03/10/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Airport Manager	Pamela A. Beharry	01-01-20 to 12-31-22
Treasurer	Tammy Bailey	01-01-20 to 12-31-22
President of the Airport Authority Board	James Long	01-01-20 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Starke County Airport Authority (Authority), for the period from January 1, 2020 to December 31, 2020. 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 Authority, which provides our opinions on the Authority'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 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE  
Deputy State Examiner

February 22, 2022

STARKE COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Authority related to financial transactions and reporting. The Authority had not established a system of internal control or separated incompatible activities related to cash and investments, receipts, disbursements, and financial reporting.

Monthly financial reports including a bank reconciliation, Balance Sheet, Profit and Loss, and Budget, were prepared by the Treasurer and presented to the members of the Airport Authority Board (Board) for their meetings. However, evidence of an adequate review or oversight process of the reports by the Board was not provided.

*Cash and Investments*

The Treasurer performed the monthly bank reconciliations without a documented oversight, review, or approval process to ensure the accuracy of the bank reconciliations.

*Receipts*

Receipts were not issued for collections received via Electronic Fund Transfers (EFT's) or credit card payments.

In addition, one employee was responsible for the issuance of manual receipts for collections received in the office, and the preparation of the daily deposits to the bank.

The Treasurer recorded the transactions within the financial accounting system from the bank deposits on the bank statements without any identifying information.

An adequate review or oversight process had not been designed or implemented to ensure the accuracy, completeness, and proper classification of receipts recorded.

*Payroll Disbursements*

One individual prepared a payroll schedule from the time records without an oversight or review process. Another individual prepared the payroll from the schedule through the financial accounting system. Although the signature of a Board member is required for the payroll checks, an adequate review or oversight process of the payroll disbursements was not evidenced.

*Vendor EFT Disbursements*

The Treasurer was responsible for creating, initiating, and recording of EFT disbursements. A claim or Accounts Payable Voucher (APV) was not created or submitted to the Board for vendor EFT disbursements. A review or oversight process had not been designed or implemented to ensure the accuracy, completeness, and proper classification of vendor EFT disbursements recorded.

*Financial Reporting*

The Authority uses QuickBooks, a generic accounting software application, to maintain the ledger. The system does not provide a record of receipts and disbursements by account number or the dates of the transactions. The Treasurer manually computed the receipt and disbursement classification on a QuickBooks report provided for audit.

STARKE COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The Treasurer also maintained a computerized Excel spreadsheet of the monthly gross total for receipts and disbursements. The totals from the Excel spreadsheet and the manually computed classification report was used to submit the financial information through the Indiana Gateway for Government Units financial reporting system, which was the source for the financial statement.

The financial information was submitted without a documented oversight, review, or approval process in place to ensure the accuracy and completeness of the information.

*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. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

***ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS***

The same comment also appeared in prior Report B54132.

*Condition and Context*

The Authority failed to adopt internal control standards as required by Indiana Code 5-11-1-27(g) or to ensure that training concerning the internal control standards and procedures adopted by the Board was provided for all personnel.

However, the Authority certified in the Indiana Gateway for Government Units financial reporting system that it had adopted internal control standards and provided employees with training on the internal control standards.

STARKE COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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

"The state examiner shall require from every audited entity 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](#)."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The Authority failed to upload any of the required monthly or annual files on the Indiana Gateway for Government Units financial reporting system for 2020. Also as of the date of this report, the Authority has not uploaded 2021 files as required.

The files and governmental unit information that were required to be uploaded monthly include the bank reconciliements, approved Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end investment statements, detail of receipts for the year, detail of disbursements for the year, current year salary ordinance, annual vendor history report, and annual payroll history report, without social security numbers.

*Criteria*

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. . . . (State Examiner Directive 2018-1)

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15<sup>th</sup> of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1<sup>st</sup> . . . for the prior year end unless the SBOA establishes a different date.

STARKE COUNTY AIRPORT AUTHORITY  
AUDIT RESULTS AND COMMENTS  
(Continued)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

A user guide for the Engagement Uploads is available and located at: <https://gateway.ifionline.org/userguides/engagementguide> **It is pertinent that this user guide be used in conjunction with this Directive.** It provides critical information to you that will help guide you to uploading the correct documents. . . . (Amended State Examiner Directive 2018-1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 1)

STARKE COUNTY AIRPORT AUTHORITY  
EXIT CONFERENCE

The contents of this report were discussed on February 22, 2022, with Tammy Bailey, Treasurer; Pamela A. Beharry, Airport Manager; and Charles Weaver, Airport Attorney.