

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

LAPORTE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
07/14/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-26
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	28-33
Corrective Action Plan	34-38
Other Reports.....	39

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jo Eileen Winski	01-01-19 to 12-31-20
	Timothy Stabosz	01-01-21 to 12-31-22
County Treasurer	Lynne Spevak	01-01-19 to 12-31-20
	Jo Eileen Winski	01-01-21 to 12-31-22
Clerk of the Circuit Court	Kathleen A. Chroback	01-01-19 to 12-31-20
	Heather Stevens	01-01-21 to 12-31-22
County Sheriff	John T. Boyd	01-01-19 to 12-31-22
County Recorder	Lois Sosinski	01-01-19 to 12-31-20
	Elzbieta Bilderback	01-01-21 to 12-31-22
President of the Board of County Commissioners	Vidya Kora	01-01-19 to 12-31-19
	Sheila Matias	01-01-20 to 12-31-20
	Richard Mrozinski	01-01-21 to 12-31-21
	Sheila Matias	01-01-22 to 12-31-22
President of the County Council	Randy Novak	01-01-19 to 12-31-22



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF LAPORTE COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund, and the aggregate remaining fund information of LaPorte County (County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 13, 2022. The opinion on governmental activities was disclaimed because there was not sufficient appropriate audit evidence for capital assets net of accumulated depreciation for land and construction in progress, and other capital assets of the County. As a result of this lack of supporting documentation, we were unable to audit capital assets and accumulated depreciation. The opinion on the aggregate discretely presented component units was disclaimed because there was not sufficient appropriate audit evidence for the other postemployment benefits (OPEB) and for capital assets net of accumulated depreciation of the LaPorte County Solid Waste District (District). As a result of this lack of supporting documentation, we were unable to audit other post-employment benefits (OPEB) and capital assets and accumulated depreciation. The opinion on the aggregate discretely presented component units was disclaimed because there was not sufficient appropriate audit evidence for the capital assets net of accumulated depreciation for land and construction in progress, and other capital assets for the LaPorte County Public Library (Library). As a result of this lack of supporting documentation, we were unable to audit capital assets and accumulated depreciation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-002, 2019-003, and 2019-004, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001, 2019-003, and 2019-004.

LaPorte County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 13, 2022, except for the Schedule of Expenditures
of Federal Awards, for which the date is June 23, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF LAPORTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited LaPorte County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. The opinion on governmental activities was disclaimed because there was not sufficient appropriate audit evidence for capital assets net of accumulated depreciation for land and construction in progress, and other capital assets of the County. As a result of this lack of supporting documentation, we were unable to audit capital assets and accumulated depreciation. The opinion on the aggregate discretely presented component units was disclaimed because there was not sufficient appropriate audit evidence for the other postemployment benefits (OPEB) and for capital assets net of accumulated depreciation of the LaPorte County Solid Waste District (District). As a result of this lack of supporting documentation, we were unable to audit other postemployment benefits (OPEB) and capital assets and accumulated depreciation. The opinion on the aggregate discretely presented component units was disclaimed because there was not sufficient appropriate audit evidence for the capital assets net of accumulated depreciation for land and construction in progress, and other capital assets for the LaPorte County Public Library (Library). As a result of this lack of supporting documentation, we were unable to audit capital assets and accumulated depreciation. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Because there was not sufficient appropriate audit evidence for capital assets net of accumulated depreciation for land and construction in progress and other capital assets of the County, it is inappropriate to and we do not express an opinion on the Schedule of Expenditures of Federal Awards referred to above.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 23, 2022

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

(This page intentionally left blank.)

LAPORTE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
Juvenile Services Center Food Program			FY 2019	\$ -	\$ 6,699
National School Lunch Program	Indiana Department of Education	10.555			
Juvenile Services Center Food Program			FY 2019	-	17,813
Juvenile Services Center Food Program - Commodities			FY 2019	-	1,687
Total - National School Lunch Program				-	19,500
Total - Child Nutrition Cluster				-	26,199
Child and Adult Care Food Program	Indiana Department of Education	10.558			
Child and Adult Care Food Program			FY 2019	-	1,985
Total - Department of Agriculture				-	28,184
<u>Department of the Interior</u>					
Outdoor Recreation Acquisition, Development and Planning	Indiana Department of Resources	15.916			
Luhr County Park Grant			#300OR1180060800	-	46,094
Total - Department of the Interior				-	46,094
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738			
ICAC Grant			#03216DJBX040203/#03217DJBX018503	-	69,729
Juvenile Justice and Delinquency Prevention	Indiana Criminal Justice Institute	16.540			
Juv Justice Jeopardy Grant			#03213MUFX002003	-	1,000
Juvenile Justice LGBTQ			#03216JFFX004103/#03217JFFX002103	-	22,672
Total - Juvenile Justice and Delinquency Prevention				-	23,672
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Prosecutor Victim Advocate Grant			#03216VAGX-0017/#03217VAGX000403	-	129,985
Total - Department of Justice				-	223,386

LAPORTE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Johnson Road Intersection Grant			DES #1382219	-	43,639
CMAQ Lincoln Trail Grant			DES #1382604	-	6,909
CR 875 Bridge #18 Grant			DES #1383479	-	72,213
CMAQ Fuel Grant			DES #1400571	-	9,549
Sidewalk Improvement Grant			DES #1400774	-	24,142
Otis Road Bridge			DES #1401027	-	53,340
Countywide Bridge Inspection Grant			DES #1500346	-	114,971
Marquette Greenway Grant			DES #1592335	-	4,720
Economic Development Corridor Grant			DES #1592338	-	67,384
Wayfinding Signage Grant			DES #1601868	-	10,272
Lofgren Rd Intersection Grant			DES #1702829	-	64,190
Lincoln Trail Extension Grant			DES #1801831	-	10,408
				-	481,737
Total - Highway Planning and Construction				-	481,737
Total - Highway Planning and Construction Cluster				-	481,737
Highway Safety Cluster					
State and Community Highway Safety Operation Pull Over	Indiana Criminal Justice Institute	20.600	#032NHTSA4022019	-	18,184
Total - Highway Safety Cluster				-	18,184
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute	20.608	#032NHT164ALCF18	-	29,007
Total - Department of Transportation				-	528,928
<u>Environmental Protection Agency</u>					
Diesel Emissions Reduction Act (DERA) State Grants 2017 Clean Diesel Program	Indiana Department of Environmental Management	66.040	#495837186670000	-	80,000
Beach Monitoring and Notification Program Implementation Grants Indiana Lake Michigan Beach Grant	Indiana Department of Environmental Management	66.472	#495BEACHMNTGF19	-	5,676
Total - Environmental Protection Agency				-	85,676

LAPORTE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Public Health Preparedness and Emergency Response	Indiana State Department of Health	93.074	#40093074PHEPA19	-	9,732
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children Lead Poisoning Prevention Program	Indiana State Department of Health	93.197	#40093197CLSUP19	-	4,493
Child Support Enforcement Pros Title IV-D Incentive Clerk Title IV-D Incentive Title IV-D Incentive Prosecutor PCA Fund Clerk Title 4D General Fund Title IV-D Indirect General Fund Pros Title 4D General Fund	Indiana Department of Child Services	93.563	FY 2019 FY 2019 FY 2019 FY 2019 FY 2019 FY 2019	- - - - - -	61,983 11,878 11,900 2,189 29,005 159,349 558,778
Total - Child Support Enforcement				-	835,082
State Court Improvement Program State Court Improvement Program	Indiana Supreme Court	93.586	#022FG1801INSCIP	-	2,510
Total - Department of Health and Human Services				-	851,817
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Marine Patrol Grant	Indiana Department of Natural Resources	97.012	#300LE1BOATGRT19	-	3,750
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	#385PA4363000000	-	208,684
Emergency Management Performance Grants Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	#38518EMPG000000	-	48,814
Total - Department of Homeland Security				-	261,248
Total federal awards expended				\$ -	\$ 2,025,333

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

LAPORTE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2019. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental activities	Disclaimer
Aggregate discretely presented component units	Disclaimer
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Highway Planning and Construction Cluster Child Support Enforcement	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2019-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

The following deficiencies in the internal control system of the County related to financial transactions and reporting caused material errors in the financial statements presented for audit to remain undetected. The magnitude of these errors caused a significant delay to audit completion.

Financial Statements and Notes to the Financial Statements

The County contracted with a consultant to prepare the County's financial statements and note disclosures in accordance with Generally Accepted Accounting Principles (GAAP). The consultant used the County's cash basis Annual Financial Report (AFR) submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system as the basis for the financial statements. The County designed and implemented a review and approval process over the completed GAAP financial statements, note disclosures, and other information. However, the internal control was not effective and did not ensure that the financial statements and note disclosures were accurate and complete. The following errors were noted:

1. The Clerk of the Circuit Court was erroneously classified as a Nonmajor Governmental Fund instead of a Custodial Fund. This resulted in assets, revenues, and expenses being overstated in the Governmental Fund and Government Wide Statements, and understated in the Fiduciary Fund Statements by \$3,962,168, \$8,953,518, and \$7,744,328, respectively.
2. A long-term certificate of deposit was misclassified, which overstated Cash and Cash Equivalents, and understated Investments by \$5,000,000.
3. The Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund classified all operating revenues as Miscellaneous, which understated the classification of Charges for Services by \$9,964,524.
4. The note disclosures reported a \$10,000,000 certificate of deposit that was confirmed as \$5,000,000, which overstated the Deposits and Investments note disclosure by \$5,000,000.

Adjustments were proposed, accepted by the County, and made to the financial statements and note disclosures.

Capital Assets, Depreciation Expense, and Accumulated Depreciation

The County did not have effective internal controls in place to ensure proper reporting of Capital Assets.

1. The County's capital asset policy allowed for replacement cost to be used as a basis for valuation of assets. However, the County failed to deflate this cost using price-level indices to the acquisition year.

Infrastructure was reported at replacement cost rather than acquisition or historic cost. This resulted in the ending infrastructure balance, net of accumulated depreciation, to be overstated by approximately \$21,343,002.

2. The County's capital asset policy defined infrastructure assets with an initial cost of more than \$250,000; however, the County capitalized infrastructure assets below that amount.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

3. The County approved the straight-line method of depreciating exhaustible capital assets over the asset's estimated useful lives by type of asset. However, the County failed to ensure the proper estimated useful lives by type of asset were used to determine annual depreciation and accumulated depreciation. Out of 92 assets tested, 37, or 40 percent, had a useful life that did not agree to the policy's estimated useful live by type of asset. It is not practicable to determine the effect on reported capital assets, accumulated depreciation, and expense because of this.
4. The capital asset listing erroneously included materials that did not meet the definition of a capitalized asset as defined by the County.

The opinion of the Governmental Activities reflects this matter.

Discretely Presented Component Units

The County's reported Discretely Presented Component Units (Component Units) are the LaPorte County Solid Waste District (Solid Waste) and LaPorte County Public Library (Library). The consultant used the Component Units' cash basis AFR submitted in Gateway as the basis for the financial statements.

Internal controls were not designed to ensure that the financial statements and note disclosures were accurate, complete, and in accordance with the Generally Accepted Accounting Principles (GAAP) basis of accounting. The following errors were noted:

1. The Solid Waste Net Pension Liability, Deferred Outflows of Resources, and Deferred Inflows of Resources related to the pension were not reported, which understated each by \$199,626, \$35,188, and \$37,719, respectively. Adjustments were proposed, accepted by the County, and made to the financial statements and note disclosures.
2. The Solid Waste offered other post-employment benefits (OPEB); however, an actuarial study determining the financial effect of the OPEB was not completed. Thus, we were unable to determine if Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources were materially correct. The opinion on the Aggregate Discretely Presented Component Units reflects this matter.
3. The Solid Waste did not have a depreciation policy; thus, we were unable to determine if the capital assets, net of depreciation were materially correct. The opinion on the Aggregate Discretely Presented Component Units reflects this matter.
4. The Library's \$4,162,075 book and other collections were not included in the reported capital assets, which understated capital assets. Because the Library did not have a depreciation policy, that included book and other collections, we were unable to determine if the capital assets, net of depreciation were materially correct. The opinion on the Aggregate Discretely Presented Component Units reflects this matter.

Other Post-Employment Benefits Census Data

The County had not separated activities related to Other Post-Employment Benefits (OPEB) census data. The OPEB census data was prepared by the County's Human Resource Department and sent to the actuary. Documentation of a review or oversight process by another individual prior to providing the information to the actuary to ensure the completeness and accuracy of the census data was not provided.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Taxes Receivable

Internal controls were not in place related to taxes receivable to ensure accurate reporting. Procedures were not performed to verify mathematical calculations or ensure that the correct source documents were used in the calculations. Penalties and interest totaling \$6,184,301 were omitted from the property taxes receivable calculation.

Financial Close and Reporting

The County Auditor and County Treasurer were required to independently prepare a Monthly Financial Statement, which reflected the total receipts and disbursements and the balance for each fund for the month and year to date. An oversight or review process was not in place to ensure the Monthly Financial Statements were complete and accurate.

The County did not have effective internal controls to ensure that the information entered into Gateway for the County's AFR was materially correct. The information entered into Gateway omitted material departments.

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. . . ."

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](#)."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. 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 Counties of Indiana, Chapter 1)

Cause

Management had not established a proper system of internal control over financial transactions and reporting.

Effect

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2019-002

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-002.

Condition and Context

There were deficiencies in the internal control system of the County related to financial transactions and reporting of the Clerk of the Circuit Court (Clerk). There was a lack of segregation of duties, as the Clerk had not separated incompatible activities related to cash and investments and financial close and reporting.

1. Lack of Segregation of Duties: The Clerk had not separated incompatible activities related to the Indiana Support Enforcement Tracking System (ISETS) Cash. Only one individual performed the bank reconciliation for ISETS with no oversight or review. Internal control activities should be in place to reduce the risk of errors in financial reporting.
2. The Clerk had not established effective, documented internal controls related to financial close and reporting. There was no documentation of review or oversight of the Supplemental County Annual Report (CAR-1) that was reported to the County Auditor for inclusion in the County's Annual Financial Report (AFR).

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. . . ."

Cause

The Clerk had not established a proper system of internal control over financial transactions and reporting.

Effect

The failure to establish a system of internal control could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that internal controls may not be either designed properly or operating effectively to provide reasonable assurance that internal controls will prevent, or detect and correct, material misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2019-003

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The following deficiencies in the internal control system of the County related to financial transactions and reporting caused material errors in the financial statements presented for audit to go undetected. The magnitude of these errors caused a significant delay to audit completion.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Bank Reconcilements - Cash and Cash Equivalents and Investments

Internal controls had not been properly designed or implemented to ensure that reconcilements of the record balances to the depository balances and investment balances were accurate or to ensure the accuracy and completeness of the recording of the investment activity. Investments reported were not reconciled to actual investments and the County's Investment Register contained material errors.

Investment activity from specific funds were not properly recorded in the County's ledger. The County established specific investment funds to record and track specific fund investments. The County did not consistently record the purchase or maturity of the investment instrument properly in the specific fund or in the specific investment fund.

On December 31, 2019, the Investment Register and County Treasurer's Daily Balance of Cash and Depositories (Cash Book) investment totals did not agree. The Investment Register reported \$70,000,000 and the County Treasurer's Cash Book reported \$30,000,000. Audit procedures were able to confirm a year-end investment balance of \$60,000,000.

Furthermore, the County failed to record the sale of investments to the Investment - Total Monies fund. This resulted in the Investment - Total Monies fund year-end balance to be negative \$50,000,000.

Additional audit procedures were performed, and it was determined that the Investment - Total Monies fund year-end balance should have been zero. After consideration of the \$50,000,000 adjustment, the bank reconciliation identified a variance of \$7,132,185 when compared to the ledger at December 31, 2019.

The County was provided additional time to research the cause for the material variance. The County hired a consultant to reconcile its depository balances to the ledger. A revised year-end reconciliation was provided that included additional timing adjustments and a \$5,000,000 certificate of deposit that was previously excluded from the investment register. Additional audit procedures were performed to confirm the additional \$5,000,000 investment and test the additional timing adjustments.

Receipts

There were no internal controls over the receipting process to ensure accuracy. Receipts were recorded without an oversight or review process.

Financial Close and Reporting

The County Auditor and County Treasurer are required to independently prepare a Monthly Financial Statement, which reflects the total receipts and disbursements and the balance for each fund for the month and year to date. An oversight or review process was not in place to ensure the Monthly Financial Statements were complete and accurate.

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:

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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. . . ."

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 County Treasurers of Indiana, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

PROCEDURE FOR POSTING RECORDS AT THE TIME INVESTMENTS ARE PURCHASED OR SOLD

1. At the time investments are purchased, the fiscal officer and/or bookkeeper should enter the full cost of the securities (purchase price plus accrued interest) as a disbursement from the fund or funds from which the investment is made. Where investment is made from "total monies on deposit," the warrant or check issued will not be posted in the ledger, but a memorandum account should be set up in a separate section of the ledger to which investment transactions will be posted.
2. When investment is made from a specific fund, a new fund entitled "Investments Fund" should be set up on the records. The net price (purchase price less accrued interest) should be entered as a receipt to this fund. The Investment Register, General Form 350, or an alternative form providing the same information should be used for keeping a record of all investments purchased by the political subdivision.
3. Interest received in such investments by fund should be entered as a receipt to the fund from which the investment was purchased. Interest received from investment of "total monies on deposit" should be receipted to the general fund or the fund specified by the governing board.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

4. When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received from the investment. At this time, the net purchase price (purchase price less accrued interest) should also be entered as a disbursement from the "Investments Fund." When the investment from "total monies on deposit" is sold the principal (purchase price) will not be posted as a receipt to the ledger but the interest thereon will be posted as a receipt to the general fund or fund designated by governing board. Proper entry shall be made also in the memorandum account, as well as in the Investment Register.

(Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

Cause

The County Treasurer had not established a proper system of internal control over financial transactions and reporting.

Effect

The failure to establish a system of internal control enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2019-004

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2018-001.

Condition and Context

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA).

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County failed to properly review the federal grant information prepared and submitted into Gateway. Although the Deputy County Auditor prepared and entered the federal award information into Gateway, and the County Auditor reviewed and approved the information, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The Highway Planning and Construction Cluster expenditures were overstated by \$511,020.
2. The Diesel Emissions Reduction Act (DERA) State Grants expenditures were omitted, resulting in an understatement of \$80,000.
3. The Child Support Enforcement expenditures were understated by \$120,696.
4. The Disaster Grants - Public Assistance (Presidentially Declared Disasters) expenditures were omitted, which understated expenditures by \$208,684.
5. State expenditures were included on the federal schedule, resulting in an overstatement of \$401,881.
6. Several other grants had individually immaterial errors or omissions that resulted in a combined misstatement of \$152,134.
7. Other errors included incorrect program names and identifying numbers.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

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. . . ."

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.62 states in part:

"Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:

- (1) Permit the preparation of reliable financial statements . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

LAPORTE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



*LaPorte County Auditor
Joie Winski
555 Michigan Avenue, Suite 205
LaPorte, IN 46350-3490*

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2019-001

Fiscal year in which the finding initially occurred: 2019
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Joie Winski, Auditor
Contact Phone Number: 219-326-6808 ext. 2226

Status of Audit Finding:

The County Auditor has appointed one staff member to monitor grants and prepare the SEFA. It is then reviewed and signed by the Chief Deputy Auditor and/or the Auditor.

The grant schedule is in Excel format and contains all pertinent information including but not limited to: the grant name, CFDA number, county fund number, Federal agency, county department receiving the grant, department staff member responsible for the grant, recipient, sub recipient, pass through agency, amount of grant, etc. and any other information available and critical to maintaining compliance of the grant.

The amount of grants has increased substantially, and we have restructured our staff to allow more time to be spent on the grants/SEFA, which then results in 2 reviews (the Auditor and/or Chief Deputy Auditor & the staff member) to detect and correct errors in the SEFA for our Annual Report.

We are continuing to work on educating and training to ensure proper reporting

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b).)



Heather Stevens, Clerk

Chief Deputy
Kari Barenie

La Porte Circuit Court

(219) 326-6808, Ext. 2250

CIRCUIT COURT DIVISION
COURTHOUSE
813 LINCOLNWAY, SUITE 105
LAPORTE, IN 46350-3492
(219) 326-6808
EXT. 2270 & 2259

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-002

Subject: Financial Transactions and Reporting-Clerk of the Circuit Court

Fiscal year in which the finding initially occurred: 2017

Status of Audit Finding: Partial Correction

1. Segregation of duties begins with daily collections to the depository being verified by an additional employee and keeping a journal of approved amounts. Several Clerks enter receipts, including multiple courts, and amounts are verified by a separate clerk at the end of day process. Signatures are kept on file for verified amounts. We continue to update our internal controls to segregate key functions.
2. ISETS bank reconciliations were being completed during 2019. The Clerk's office was still implementing controls and segregation of duties over the ISETS bank reconciliations.
3. ISETS system is such that the La Porte office disburses funds for both the La Porte and Michigan City offices. Controls are in place to verify the amounts distributed. One employee prints the daily disbursements and a second employee verifies the check amounts and releases the payments.
4. The Clerk's office was still implementing controls over the Clerk's Supplemental Annual Financial Report (AFR).

La Porte County Highway Department

Telephone: (219) 362-2051
Fax: (219) 362-4221



1805 W. 5th Street
La Porte, Indiana 46350

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-003

Fiscal year in which the finding initially occurred: 2018

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Transportation

Contact Person Responsible for Corrective Action: Jerry Sullivan

Contact Phone Number: 219-221-1787

Status of Audit Finding:

The ERC uses a spread sheet (attached) to verify the reimbursement vouchers are submitted in a timely fashion, that they are matched with the proper grant, proper project phase and available funds, to INDOT.

The project documentation spreadsheet includes when the vendor invoice was received, when the vendor was paid, when the voucher was applied for, the cancelled check number and the INDOT PO closing date when known.

The process then includes a system of checks and balances including a document reviewer and accounts payable persons in the Highway department and Auditors office.

The vouchers must be stamped and initialed by the reviewer.

Jerry Jay Sullivan Jr.

(Signature)

County Engineer

(Title)

8/11/2020

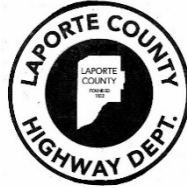
PH 219.362.2051 EXT 6506
JGSULLIVAN@LAPORTECOUNTY.ORG

CELL 219.221.1787

La Porte County Highway Department

Telephone: (219) 362-2051

Fax: (219) 362-4221



1805 W. 5th Street

La Porte, Indiana 46350

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-004

Fiscal year in which the finding initially occurred: 2018

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Transportation

Contact Person Responsible for Corrective Action: Jerry Sullivan

Contact Phone Number: 219-221-1787

Status of Audit Finding:

The original corrective action plan 2017-005 has been fully executed and in use.

The ERC uses a spread sheet to verify the reimbursement vouchers are submitted in a timely fashion, that they are matched with the proper grant, proper project phase and available funds, to INDOT.

The project documentation spreadsheet includes when the vendor invoice was received, when the vendor was paid, when the voucher was applied for, the cancelled check number and the INDOT PO closing date when known.

Jerry Jay Sullivan Jr.
(Signature)

County Engineer
(Title)

8/11/2020
(Date)



Heather Stevens, Clerk

Chief Deputy
Kari Barenie

La Porte Circuit Court

(219) 326-6808, Ext. 2250

CIRCUIT COURT DIVISION
COURTHOUSE
813 LINCOLNWAY, SUITE 105
LAPORTE, IN 46350-3492
(219) 326-6808
EXT. 2270 & 2259

FINDING 2018-005

Fiscal year in which the finding initially occurred: 2018

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services

Contact Person Responsible for Corrective Action: Heather Stevens, Clerk of Circuit Court

Contact Phone Number: 219-326-6808 ext: 2250

Status of Audit Finding:

Monthly Expense Claims-Activities Allowed or Unallowed, Cash Management, and Period of Performance

The County has hired Malcon Consulting Services to oversee the Child Support Enforcement program. Monthly expense claims are prepared by a Malcon representative and are approved by the Clerk of the Circuit Court to ensure expenditures are allowed, expenses are made prior to request and the expenditures are within the period of performance.

Quarterly Incentive Expenditure Reports-Activities Allowed or Unallowed

The County has hired Malcon Consulting Services to oversee the Child Support Enforcement program. Quarterly Incentive Expenditure Reports are prepared by a Malcon representative and are approved by the Clerk of the Circuit Court.

FINDING 2018-006

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services

Contact Person Responsible for Corrective Action: Heather Stevens, Clerk of Circuit Court

Contact Phone Number: 219-326-6808 ext: 2250

Status of Audit Finding:

Allowable Costs/Costs of Principles and Reporting

The County has hired Malcon Consulting Services to oversee the Child Support Enforcement program. Quarterly Incentive Expenditure Reports are prepared by a Malcon representative and are approved by the Clerk of the Circuit Court.

PAR reports are filed quarterly. The Clerk verifies all reports and reports are kept on hand for verification. In addition there are no employees paid from the Clerk's Incentive Fund.

FINDING 2018-007

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services

Contact Person Responsible for Corrective Action: Heather Stevens, Clerk of Circuit Court

Contact Phone Number: 219-326-6808 ext: 2250

Status of Audit Finding:

Reporting-Monthly Expense Claims and Quarterly Incentive Expenditure Reports

The County has hired Malcon Consulting Services to oversee the Child Support Enforcement program. Monthly expense claims and Quarterly Incentive Expenditure reports are prepared by a Malcon representative and are approved by the Clerk of the Circuit Court, and are filed timely.



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR

555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

FINDING 2019-001

Contact Person Responsible for Corrective Action: Tim Stabosz
Contact Phone Number: (219)-326-6808 ext. 2226

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

Since our initial compilation process for the 2019 reporting period, our consultant has worked with the County to establish better procedures for providing them with needed data and has implemented additional review procedures to alleviate errors in financial reporting. We will continue to work with our consultants to continue to improve on our processes.

We will work with the LaPorte County Solid Waste District and the LaPorte County Public Library to ensure they provide us with appropriate information to be included in the financial statements.

We will implement proper internal control procedures in our Human Resources Department to ensure the completeness and accuracy of census data prior to providing it to the actuary.

We will review and amend our capitalization policy as necessary and work with our consultant to ensure proper reporting of capital assets in the financial statements.

We will establish proper internal control procedures to ensure that taxes receivable are appropriately calculated and will work with our consultants to ensure proper reporting in the financial statements.

We will establish proper internal control procedures to ensure that the Monthly Financial Statements prepared by the Auditor and Treasurer are complete and accurate.

Anticipated Completion Date:

Prior to the compilation of the 2021 financial statements



Heather Stevens, Clerk

Chief Deputy
Kari Barenie

La Porte Circuit Court

(219) 326-6808, Ext. 2250

CIRCUIT COURT DIVISION
COURTHOUSE
813 LINCOLNWAY, SUITE 105
LAPORTE, IN 46350-3492
(219) 326-6808
EXT. 2270 & 2259

CORRECTIVE ACTION PLAN

FINDING 2019-002

Contact Person Responsible for Corrective Action: Heather Stevens
Contact Phone Number: 219-326-6808 ext: 2250

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Controls were implemented over the control process regarding the ISETS ledger balance to the depository balance. Monthly reconciliation's will be completed by the Chief Deputy and the ISETS Clerk will clear the checks from the bank statement into the ISETS system. The bank reconciliation continues and is compared/balanced to the ISETS software program each month. An Excel spreadsheet is maintained to show the reconciliation of account and noted differences. The Clerk will sign a monthly report showing her review of the reconciliation.

The Clerk's Supplemental Annual Financial Report will be completed by the Bookkeeper and verified by the Chief Deputy. In addition, the Clerk will also review and sign the CAR-1 report, implementing documentation of review of the report before being submitted to the Auditor.

Anticipated Completion Date: January 1, 2021

Joie Winski
LaPorte County Treasurer
555 Michigan Ave; Suite 102
LaPorte, IN 46350
219•326•6808 ext 2465
jwinski@laporteco.in.gov

CORRECTIVE ACTION PLAN

FINDING 2019-003

Contact Person Responsible for Corrective Action: Joie Winski
Contact Phone Number: 219-326-6808 ext 2465

Views of Responsible Official:

I am in agreement with the SBOA audit that internal controls were not in place in 2019. Reconcilements were not completed correctly and investments and funds were not recorded properly.

No controls over the receipting process and there was no oversight.

Monthly financial statement were not completed properly.

Description of Corrective Action Plan:

A new administration is now in place in the Treasurer's office and is making good strides in correcting the above.

Bank Reconcilements – Cash and Cash Equivalents and Investments

We are still in the process of implementing controls.

All reconcilements will be done according to SBOA guidelines and suggestions using the county's LOW software.

All funds and investments will be recorded according to SBOA guideline and using LOW software.

Receipts

We are in the process of implementing control over the receipting process.

Financial Close and Reporting

We are in the process of working with the auditor to implement and prepare Monthly Financial Statements and submit them properly.

Anticipated Completion Date:

Immediate

Several findings have already been corrected and implemented. It is anticipated that by the end of 2022, all findings will be corrected and implemented fully. The process is ongoing.

Jo Eileen (Joie) Winski

LaPorte County Treasurer

June 23, 3022



TIMOTHY J. STABOSZ
LA PORTE COUNTY AUDITOR
555 Michigan Avenue, Suite 205
La Porte, IN 46350-3490

CORRECTIVE ACTION PLAN

FINDING 2019-004

Contact Person Responsible for Corrective Action: Tim Stabosz

Contact Phone Number: (219)-326-6808 ext. 2226

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

We will work internally with County departments to implement proper internal control procedures to ensure proper reporting of Federal awards on the Schedule of Expenditures of Federal Awards. The Auditor will develop procedures to review information reported to ensure the accuracy of the SEFA.

Anticipated Completion Date:

Prior to completion of the 2022 SEFA

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.