

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
07/21/2022

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 23, 2022

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COUNTY AUDITOR
LAPORTE COUNTY

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

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 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 resulted in the overstatement of Cash and Cash Equivalents and the understatement of 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 resulted in the overstatement of 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 capital asset balances, depreciation expenses, and accumulated depreciation as reported in the financial statements and notes to financial statements were accurate and complete in accordance with their policy.

The following errors were noted:

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.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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.
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 life by type of asset. It is not practicable to determine the effect on reported capital assets, accumulated depreciation, and depreciation 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 on 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 the LaPorte County Public Library (Library). The consultant used the Component Units' cash basis AFR submitted on 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 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 does not have a depreciation policy, that included the 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.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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.

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. . . ."

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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](#)."

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)

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)

OVERDRAWN CASH BALANCES

The same comment appeared in prior Report B53006.

Condition and Context

The County had the following funds with overdrawn cash balances at December 31, 2019, which were not attributed to timing of reimbursements.

Fund	Amount Overdrawn
Adult Protective Services	\$ 24,185
Countywide Sign Grant	9,857
Sidewalk Improvement Grant	4,840
Otis Road Bridge Grant	14,298
CR 875 Bridge #18 Grant	234,994
Public Health Preparedness Gr	8,583
Wayfinding Signage Grant	29,138
Pub Health Preparedness Grant	6,339
Lead Prevention Program Grant	7,440
Severs Road Resurfacing Grant	16,177
Public Health Preparedness 19	7,318
Comm. Corrections State Grant	172,127
JDAI Grant 17	1,460

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report submitted on the Indiana Gateway for Government Units (Gateway) financial reporting system was not complete and accurate. The Community Corrections (Fees), Neil Thompson Scholarship Fund, Neil Thompson Fund, Recorder, Adult Probation Department, and Clerk of the Circuit Court were included on departmental Supplemental County Annual Reports, but were not included in the financial information submitted to Gateway.

Criteria

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](#)."

ACCOUNTS PAYABLE VOUCHER DEFICIENCIES

Condition and Context

The County pays certain vendors electronically via wire transfers and ACH (Automated Clearing House) payments. The electronic payments are detailed on an Accounts Payable Voucher Register (docket). However, the electronic payment dockets were not provided to the Board of County Commissioners for review and allowance as required by Indiana Code.

Criteria

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CERTIFICATION OF TRAINING ON INTERNAL CONTROL STANDARDS

The same comment appeared in prior Report B53006.

Condition and Context

The County did not train all applicable personnel on internal control standards as required by Indiana Code 5-11-1-27(g). However, the County certified on the Indiana Gateway for Government Units financial reporting system that the County had provided training on internal control standards. Since the County did not train all applicable personnel, the certification that they had trained on internal control standards was incorrect.

Criteria

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](#)."

GATEWAY ENGAGEMENT UPLOADS

Condition and Context

The County Auditor did not comply with the State Examiner Directive 2018-1 and failed to upload to the Indiana Gateway for Government Units (Gateway) financial reporting system the monthly documents from March to December 2019, as well as all the required 2019 annual files.

The County Auditor is required to upload board minutes and funds ledger monthly. Furthermore, the files and governmental unit information that are required to be uploaded annually include the Detail of Receipts and the Detail of Disbursements for the year, the Current Year Salary Ordinance and Amendments, the Annual Vendor History Report, the Annual Payroll History Report (without Social Security numbers), and the Annual Funds Ledger.

Criteria

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 Counties of Indiana, Chapter 1)

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. This remote process will provide for more efficient data processing and save audit costs for our clients. Counties and school corporations will upload January 2019 files beginning March 2019.

COUNTY AUDITOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

. . . monthly files must be uploaded no later than the 15th day of the second succeeding month, i.e., August monthly files are due on October 15. . . .

Annual files are due to be uploaded on Gateway no later than March 1, 2019. Thereafter, annual files must be uploaded no later than March 1 for the prior year unless the SBOA establishes a different date. . . . (State Examiner Directive 2018-1)

COUNTY AUDITOR
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2022, with Jo Eileen Winski, former County Auditor; Timothy Stabosz, County Auditor; Richard Mrozinski, County Commissioner; Joe Haney, County Commissioner; Earl Cunningham, County Council member; Vaughn Galloway, Chief Deputy County Auditor; and Kristie Deckard, former Chief Deputy County Auditor.

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COUNTY TREASURER
LAPORTE COUNTY

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The following deficiencies in the internal control system of the County related to the 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.

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 was 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 determined that the Investment - Total Monies fund year-end balance should have been zero. After considering 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 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.

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULT AND COMMENT
(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. . . ."

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.

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULT AND COMMENT
(Continued)

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.
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)

COUNTY TREASURER
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2022, with Jo Eileen Winski, County Treasurer; Richard Mrozinski, County Commissioner; Joe Haney, County Commissioner; Earl Cunningham, County Council member; and Kristie Deckard, Chief Deputy County Treasurer.

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CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

FINANCIAL TRANSACTIONS AND REPORTING

A similar comment appeared in prior Report B53006, entitled *FINDING 2018-002 FOR FINANCIAL TRANSACTIONS AND REPORTING*.

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 compatible activities related to cash and investments and financial reporting.

Cash and Investments

One individual performed the bank reconciliation for Indiana Support Enforcement Tracking System (ISETS) account without an oversight or review process to ensure accuracy and completeness.

Financial Reporting

The Clerk did not have internal controls over financial reporting to ensure the preparation of accurate and complete financial reports to be included in the County's Annual Financial Report and financial statement. One employee completed the Clerk's Supplemental County Annual Report (CAR) without oversight or review. The lack of internal controls enabled a \$200,000 certificate of deposit investment to be reported twice in the financial statements.

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

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. . . .

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 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](#)."

GATEWAY ENGAGEMENT UPLOADS

Condition and Context

The Clerk did not comply with the State Examiner Directive 2018-1 and failed to upload to the Indiana Gateway for Government Units (Gateway) financial reporting system the required monthly and annual documents for 2019.

Criteria

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 Counties of Indiana, Chapter 1)

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. This remote process will provide for more efficient data processing and save audit costs for our clients. Counties and school corporations will upload January 2019 files beginning March 2019.

. . . monthly files must be uploaded no later than the 15th day of the second succeeding month, i.e., August monthly files are due on October 15. . . .

Annual files are due to be uploaded on Gateway no later than March 1, 2019. Thereafter, annual files must be uploaded no later than March 1 for the prior year unless the SBOA establishes a different date. . . . (State Examiner Directive 2018-1)

CLERK OF THE CIRCUIT COURT
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2022, with Heather Stevens, Clerk of the Circuit Court; Richard Mrozinski, County Commissioner; Joe Haney, County Commissioner; Earl Cunningham, County Council member; and Kari Barenie, Chief Deputy Clerk of the Circuit Court.

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
AUDIT RESULT AND COMMENT

TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Reports B45345 and B53006.

Condition and Context

The County did not train all applicable personnel on internal control standards as required by Indiana Code 5-11-1-27(g).

Criteria

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 23, 2022, with Jo Eileen Winski, former County Auditor; Timothy Stabosz, County Auditor; Richard Mrozinski, County Commissioner; Joe Haney, County Commissioner; Earl Cunningham, County Council member; Vaughn Galloway, Chief Deputy County Auditor; and Kristie Deckard, former Chief Deputy County Auditor.