

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DEKALB COUNTY AIRPORT AUTHORITY

DEKALB COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED

09/26/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Controls over Financial Transactions and Reporting	4-5
Federal and State Agencies - Compliance Requirements	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Russell Couchman	01-01-21 to 12-31-22
President of the Airport Authority Board	Jesse Myers	01-01-21 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

This report is supplemental to our audit report of the DeKalb County Airport Authority (Authority), for the period from January 1, 2021 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Authority. It should be read in conjunction with our Financial Statement Audit Report of the Authority, which provides our opinions on the Authority's financial statement. This report may be found at www.in.gov/sboa/.

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

September 19, 2022

DEKALB COUNTY AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

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

Receipts

The Assistant Airport Manager was solely responsible for all aspects of the receipt process, including collecting, depositing, and recording receipts, without a documented oversight, review, or approval process.

Financial Close and Reporting

The Authority's accounting consultant uploaded financial information from the Authority's accounting system into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is the source of the Annual Financial Report and financial statement. The Airport Manager/Treasurer submitted the information in Gateway after review of the consultant's uploaded financial information and any additional information entered. There was no documented evidence, such as an oversight, review, or approval process, to ensure the accuracy of the information entered and submitted into Gateway.

The lack of internal controls was a systemic issue, which occurred throughout the audit period.

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:

DEKALB COUNTY AIRPORT AUTHORITY
AUDIT RESULTS AND COMMENTS
(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. . . ."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Condition and Context

The accuracy of reporting required by federal and state agencies is facilitated by separation of grant funds. The Authority did not create separate funds for new federal grants that were non-COVID grants.

Criteria

When funds are provided by the federal government either directly to a special district or through a state agency for any program or project, the following procedures should be followed:

A separate Fund for each grant is required. (Special Districts Bulletin and Uniform Compliance Guidelines, June 2020)

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

DEKALB COUNTY AIRPORT AUTHORITY
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2022, with Russell Couchman, Treasurer; Jason Hoit, Assistant Airport Manager; Jesse Myers, President of the Airport Authority Board; Jerome Korczyk, Vice President of the Airport Authority Board; Robert Patterson, Airport Authority Board member; and John Chalmers, Airport Authority Board member.