

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

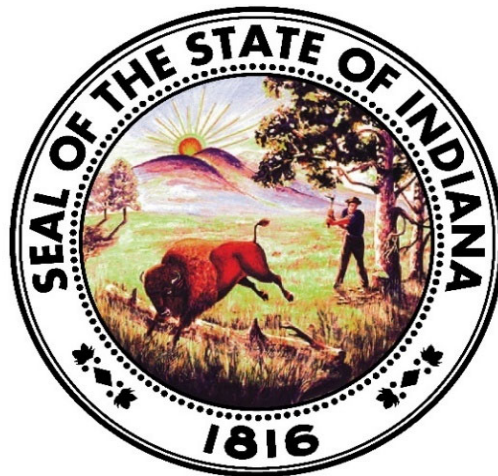
SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF LA PORTE

LA PORTE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
09/16/2024

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|-------------------|----------------------|
| Clerk-Treasurer | Courtney Parthun | 01-01-23 to 12-31-24 |
| Mayor | Thomas P. Dermody | 01-01-23 to 12-31-24 |
| President of the Board of Public Works and Safety | Thomas P. Dermody | 01-01-23 to 12-31-24 |
| President Pro Tempore of the Common Council | Timothy Franke | 01-01-23 to 12-31-24 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF LA PORTE, LA PORTE COUNTY, INDIANA

This report is supplemental to the audit report of the City of La Porte (City), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City'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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 29, 2024

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CLERK-TREASURER
CITY OF LA PORTE

CLERK-TREASURER
CITY OF LA PORTE
AUDIT RESULT AND COMMENT

ANNUAL FINANCIAL REPORT - GRANT SCHEDULE

Condition and Context

The City is required to file financial reports after the close of each calendar year. The reports are to be filed electronically as prescribed.

The City filed its reports as prescribed; however, the internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system were not effective.

The City did not properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, 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 grant schedule, which is the source of the City's Schedule of Expenditures of Federal Awards (SEFA), understated the expenditures for the COVID-19 - Coronavirus State and Local Fiscal Recovery Funds by \$1,685,500.

Audit adjustments were proposed, accepted by the City, and made to the SEFA reported in the Federal Compliance Audit Report of the City.

Criteria

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 as set forth in the uniform compliance guidelines. 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](#)."

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. . . ."

CLERK-TREASURER
CITY OF LA PORTE
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2024, with Courtney Parthun, Clerk-Treasurer; Thomas P. Dermody, Mayor; Timothy Franke, President Pro Tempore of the Common Council; Brian Chalik, President of the Redevelopment Authority Board; Ashley Knoll, Deputy Clerk-Treasurer; Lauren Huffman, Common Council member; and Laura Konieczny, Common Council member.