

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

CLERK-TREASURER

TOWN OF HIGHLAND, INDIANA

January 1, 2005 to December 31, 2005



FILED

09/11/2006

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TOWN OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michael W. Griffin	01-01-04 to 12-31-07
President of the Town Council	Mark A. Herak Joseph Wszolek	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF HIGHLAND

We have audited the records of the Clerk-Treasurer for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Comprehensive Annual Financial Report of the Town of Highland for the year 2005.

STATE BOARD OF ACCOUNTS

July 19, 2006

CLERK-TREASURER
TOWN OF HIGHLAND
AUDIT RESULTS AND COMMENTS

FEES

Five of the fifty plumbing permits tested were not calculated according to the fee schedule. There were items charged on the plumbing permits that were not listed on the permit.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

BUY MONEY

Section 51.06 of the Town's Municipal Code addresses the Law Enforcement Aid or "Buy Money" Petty Cash fund. The fund did not reconcile to the balance established by ordinance. Additionally, no written policy or procedures regarding the use and management of the fund were available as required by ordinance.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER
TOWN OF HIGHLAND
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2006, with Michael W. Griffin, Clerk-Treasurer; Dan E. Dulac, Town Council Vice-President; Carol L. Morrison, Deputy Clerk-Treasurer; Richard Underkofler, Town Manager; and John M. Bach, Public Works Director. The official response has been made a part of this report and may be found on pages 6 through 8.



TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,546

Incorporated in 1910

Wednesday, August 23, 2006

Bruce Hartman, C.P.A.
State Examiner
Indiana State Board of Accounts
Indiana Government Center South E 418
302 W. Washington Street
Indianapolis, Indiana 46204-2738

Re: Corrective Action Plan in Response to the Audit Results and Comments Filed for the Town of Highland for its Audit Period ending December 31, 2005.

Dear Mr. Hartman:

The proper officers of the Town of Highland, Lake County, Indiana, met with the Field Examiners of the State Board of Accounts in July 19 2006, for what is commonly called an exit conference regarding the audit findings for the audit conducted for the fiscal year ended December 31, 2005, all pursuant to IC 5-11-1-8 and IC 5-11-1-25(a)(5). At that time, the field examiners presented to the proper officers written audit results and comments. In order to complete and more fully inform the final record of this review, the Town of Highland through its proper officers makes this response to the examiners' written comments.

Audit Result and Comment No. 1. Fees Associated with the Building and Inspection Department. The lead examiner noted that five of the fifty plumbing permits reviewed in the audit sample were not calculated according the adopted fee schedule of the municipality. There were items charged on the plumbing permits that were not itemized on the permits. The comment further included a proper reference to the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7.

Corrective Action Plan and Response to Comment No. 1. This responder generally concurs in the examiner's finding. It is noted that once this matter was clarified and brought to the attention of the responsible staff person, steps were taken before the exit conference to address the foregoing finding. This responder is grateful to the examiners for bringing this to the attention of the proper officer. The responsible staff person has made a modification to current practice regarding the preparation and calculation of fees related to plumbing and all permits. The

TOWN COUNCIL

BERNIE ZEMEN
1st Ward

MARK A. HERAK
2nd Ward

ROBERT HELMER
3rd Ward

JOSEPH A. WSZOLEK
4th Ward

DANIEL E. DERNULC
5th Ward

JOHN M. BACH
Public Works Director

RHETT TAUBER
Attorney

CLERK - TREASURER

MICHAEL W. GRIFFIN

responsible staff person has introduced a level of review to the process that was not heretofore present. It is hoped that this level of review will provide greater quality assurance in the process of fee assessments related to the preparation of plumbing and all permits. In addition, staff has been instructed to discretely identify or itemize all the elements on the permit that determine the fees to be charged.

In short, it is hoped that the actions already taken as well as those proposed in this response sufficiently address the examiner's remarks set forth in **Audit Result and Comment No. 1**

Audit Result and Comment No. 2. Buy Money. The lead examiner referenced Section § 51.06 of the Municipal Code provides for the Law Enforcement Aid or "Buy Money" Petty Cash Fund, generally under the aegis of the Town Metropolitan Police Department. The lead examiner further noted that the fund did not reconcile to the balance established by ordinance. In addition, no written policy or procedures regarding the use and management of the fund were available from the Town Board of Metropolitan Police Commissioners as required by the ordinance. The comment further included a proper reference to the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7.

Corrective Action Plan and Response to Comment No. 2. This responder generally concurs in the examiner's finding. This responder is grateful to the examiners for bringing this to the attention of the proper officer. The responsible staff person has taken steps to develop a written policy to be added to the Standard Operating Procedures of the Metropolitan Police Department, tentatively numbered SOP 3.7A. If adopted by the Town Board of Metropolitan Police Commissioners, the policy would have as its object compliance with the enabling ordinance, which calls for the development of written guidelines.

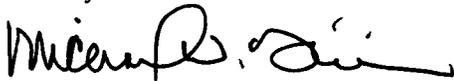
Further, the guidelines would provide instruction regarding the designation of the responsible parties to serve as custodian of the Buy Money Petty Cash Fund, and to introduce regular, systematic, and uniform bookkeeping and accounting of the fund.

In short, it is hoped that the actions proposed in this response sufficiently address the examiner's remarks set forth in **Audit Result and Comment No. 2**

Conclusion

I am joined by the proper officers of the Town in the hope that this reply and comment will be included in the final audit report. Further, the proper officers join me in thanking the State Board of Accounts for performing a comprehensive audit of the financial records. I believe that these audit reviews assist the Town to better serve the people of Highland by informing the municipality of the ways in which our stewardship may be more fully perfected.

Sincerely,



Michael W. Griffin, IAMC/CMC/CPFA
Clerk-Treasurer

Cc: Mary Jo Small, CPA, SBA District Supervisor
Cynthia David, CPA, AIC and Lead Examiner
Highland Town Council
Town Board of Metropolitan Police Commissioners
Kenneth J. Mika, Building Commissioner
Peter T. Hojnicky, Metropolitan Police Chief
Carol L. Morrison, IAMC/CMC, Deputy Clerk-Treasurer