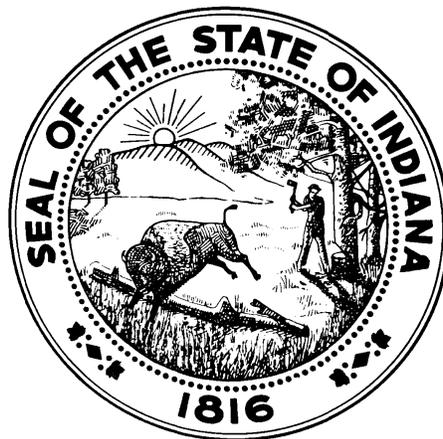


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

HUMAN RESOURCES DEPARTMENT
CITY OF ANDERSON
MADISON COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
09/18/2008

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Human Resources	Eric Ewald Stephen N. Priser	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Controller	Morris D. Long Morris D. Long (Contractual) C. Karen Carpenter	01-01-07 to 09-12-07 09-13-07 to 12-31-07 01-01-08 to 12-31-08
Mayor	Honorable Kevin S. Smith Honorable Kris Ockomon	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Donna Davis Joseph Newman	01-01-07 to 12-31-07 01-01-08 to 12-31-08



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TO: THE OFFICIALS OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA

We have audited the records of the Human Resources Department for the period from January 1, 2007 to December 31, 2007, 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 City of Anderson for the year 2007.

STATE BOARD OF ACCOUNTS

July 16, 2008

HUMAN RESOURCES DEPARTMENT
CITY OF ANDERSON
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

The former Personnel Specialist, Wayne R. Huffman, was compensated at the Human Resources Director's rate of pay on three separate occasions. According to officials, he was paid at the higher rate while the Director was on vacation on three dates during August and November 2007. The Director continued to be compensated at his regular rate of pay during this time. The increased rate of pay was not approved in an ordinance or resolution, nor did the City have a policy covering the additional payments.

The form used for approval was called "Personnel Notice." This form was not approved by the appropriate officials. Instead of getting prior approval from the Director, his superior and the Mayor, Mr. Huffman approved the increase himself along with another Human Resources employee. In one instance, approval was also given by the former Controller who is not over the Human Resources Department.

The difference between what the Personnel Specialist was paid and his approved rate of pay totaled \$1,255.21, including benefits, for the three instances.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested the former Personnel Specialist, Wayne R. Huffman, to remit \$1,255.21 to the City of Anderson Controller for overpayment of compensation. (See Summary, page 7)

EMPLOYEE DISHONESTY (INCLUDING FAITHFUL PERFORMANCE) COVERAGE

The City of Anderson was self-insured up to \$50,000 for employee dishonesty coverage, including faithful performance, for the term January 1, 2007 to January 1, 2008, under certificate No. J076013.

HUMAN RESOURCES DEPARTMENT
CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on July 16, 2008, with Stephen N. Priser, Director of Human Resources.

The contents of this report were discussed on July 21, 2008, with Wayne R. Huffman, former Personnel Specialist; Eric Ewald, former Director of Human Resources; and Honorable Kevin S. Smith, former Mayor. The official response has been made a part of this report and may be found on page 6.

The contents of this report were discussed on July 28, 2008, with C. Karen Carpenter, Controller; and Joseph Newman, President of the Common Council.

From: Wayne Huffman
2115 Round Barn Rd.
Anderson, IN 46017

July 31, 2008

To: State Board of Accounts
302 West Washington St., Room E418
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE to audit result and comment for the City of Anderson, 2007

To Whom It May Concern:

I must respectfully decline the request that I repay portions of the compensation I received during 2007 for services provided to the City of Anderson. I agreed to provide my services to the City, and received the compensation which was represented to me as correct and proper. I relied on the City's representations to me that I would be paid specified compensation for the duties I performed, and I performed those duties. As a matter of contract, I was paid what I was owed.

I am not in a position to speak to any claimed errors made in the processing or payment of my compensation. To the extent that the audit result and comment disclosed to me have shown an error, the error was not mine. While I regret any confusion caused by any such problem, I can not agree to be financially responsible for someone else's administrative error.

I appreciate your receipt of this response, and I thank you for your attention to this matter.

Sincerely,



Wayne Huffman

HUMAN RESOURCES DEPARTMENT
CITY OF ANDERSON
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Wayne R. Huffman, former Personnel Specialist: Compensation and Benefits, page 4	<u>\$ 1,255.21</u>	<u>\$ -</u>	<u>\$ 1,255.21</u>

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AFFIDAVIT

STATE OF INDIANA)
)
MADISON COUNTY)

We, Douglas Whitham and April Boone, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Human Resources Department, City of Anderson, Madison County, Indiana, for the period from January 1, 2007, to December 31, 2007, is true and correct to the best of our knowledge and belief.

Doug Whitham
April Boone
Field Examiners

Subscribed and sworn to before me this 20th day of August, 2008.

Sherry L. Moore
Notary Public

My Commission Expires: March 25, 2010
County of Residence: Madison

SHERRY L. MOORE
NOTARY PUBLIC, STATE OF INDIANA
COUNTY OF MADISON
MY COMMISSION EXPIRES: MARCH 25, 2010