

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

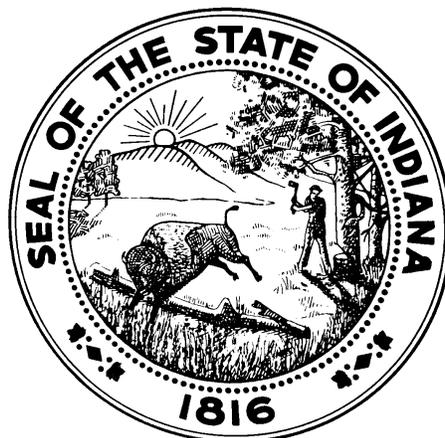
AUDIT REPORT

OF

COUNTY COUNCIL

LAKE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED
11/19/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Christine Cid Larry Blanchard	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Gerry J. Scheub Roosevelt Allen, Jr.	01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the County Council for the period from January 1, 2008 to December 31, 2008, 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 Annual Report of Lake County for the year 2008.

STATE BOARD OF ACCOUNTS

September 21, 2009

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

ADMINISTRATIVE FEE

County Ordinances 1280A and 1280B authorizes the collection of a \$200 administrative fee for the sale of foreclosed properties and created a fund to account for the activity related to the fee charged. On August 12, 2008, the ordinance that created the Non-Reverting Fund was repealed and money that was currently in the fund was transferred to the General Fund. The \$200 administrative fee is still being collected but is commingled with other revenues in the General Fund. As a result of commingling of revenue we were unable to determine if disbursements from the fees collected were related to the sale. Indiana Code permits such a fee, but for the actual costs attributable to each sale. Compliance with statutory requirements for this fee could not be determined since records were not maintained to determine the actual costs of each sale.

IC 32-29-7-3 (h) states in part: "The sheriff may charge an administrative fee of not more than two hundred dollars (\$200) with respect to a proceeding referred to in subsection (b) for actual costs directly attributable to the administration of the sale under subsection (c)."

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter1)

TRAVEL POLICY

As stated in prior reports, the County Travel Policy, Ordinance 1291F, addresses only per diem rates; it does not specify when an employee is in travel status and, therefore, eligible for per diem payments. A formal policy defining travel status and eligibility for per diem is necessary to ensure consistency between departments when paying travel expenditures. This has been a comment in prior reports.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

JURY DUTY SUPPLEMENTAL FEE

Jurors are paid \$20 for each day they are in attendance in court until the jury is impaneled. The statutes only allow for a payment of \$15 per day unless the county adopts a supplemental fee. An ordinance adopting a supplemental fee of \$5 could not be located.

IC 33-37-10-1 states in part:

"(a) A juror of a circuit, superior, county, or probate court or a member of a grand jury is entitled to the sum of the following:

- (1) Except as provided in subsection (f), an amount for mileage at the mileage rate paid to state officers and employees for each mile necessarily traveled to and from the court.

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(2) Payment at the rate of:

(A) fifteen dollars (\$15) for each day the juror is in actual attendance in court until the jury is impaneled; and

(B) forty dollars (\$40) for each day the juror is in actual attendance after impaneling and until the jury is discharged.

(b) A county fiscal body may adopt an ordinance to pay from county funds a supplemental fee in addition to the fees prescribed by subsection (a)(2)."

VEHICLE INSPECTION FEES

As stated in prior audit reports, fees charged for vehicle inspections have not been established by local ordinance. The fee currently being charged for vehicle inspections is \$5.00.

IC 9-29-4-2 states:

"A person described in subdivision (3) who makes an inspection under IC 9-17-2-12 may charge a fee. A fee charged under this section is subject to the following:

(1) The fee must be established by ordinance adopted by the unit (as defined in IC 36-1-2-23).

(2) The fee may not exceed five dollars (\$5)."

PAYROLL

Lake County Weights and Measures Department employees were authorized in 2008 to earn overtime. The Department was incorrectly entering overtime into the payroll system. They were entering overtime at time and a half instead of straight-time. The system then calculated the time at an overtime rate of time and a half, which caused the time worked to be multiplied by time and a half twice. This caused an overpayment for overtime for this department. The error was discovered by the Commissioner's office and the procedure for entering over time was corrected; however, the overpayment of overtime that had already been issued was not corrected or recovered.

The Weights and Measures Department requires employees who work weekends to record their anticipated time for an upcoming weekend and turn it in on Friday. If there are any changes in the time actually worked over the weekend, the employees are then to make any necessary changes on Monday morning.

Forty percent of the employees tested for payroll were not in compliance with the County's vacation policy. Some employees' vacation time was not recorded on their service record, excess vacation time was carried over from one year to the next, or the vacation time carried over was not used by the County's specified date. It was noted that the Park and Recreation Department is not following the County set policy for leave time.

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AUDIT RESULTS AND COMMENTS
(Continued)

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

911 FEES

The County receives money from phone companies for landline and wireless phone fees charged to consumers. These fees are to be deposited in separate funds on the County's records. Currently these fees are all deposited in the same fund under 911 and have not been separated as required by Indiana statute. In addition, IC 36-8-16-14 and IC 36-8-16.5-41 indicate that specific disbursements can be made from landline fees and wireless fees. Since all money is comingled into one fund and disbursed from the same fund we were unable to determine if disbursements were made from the correct fees collected.

IC 36-8-16-13 states:

"A county treasurer or municipal fiscal officer to whom enhanced emergency telephone system fees are remitted under section 12 of this chapter shall deposit the fees in a separate fund. The fund shall be known as the _____ (insert name of county or municipality) emergency telephone system fund. The county treasurer or municipal fiscal officer may invest money in the fund in the same manner that other money of the county or municipality may be invested. The county treasurer or municipal fiscal officer shall deposit any income earned from such an investment in the fund."

IC 36-8-16-14 states:

"(a) The emergency telephone system fees shall be used only to pay for:

- (1) except as provided in subsection (c), the lease, purchase, or maintenance of enhanced emergency telephone equipment, including necessary computer hardware, software, and data base provisioning;
- (2) the rates associated with the service suppliers' enhanced emergency telephone system network services;

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) the personnel expenses of the emergency telephone system;
- (4) the lease, purchase, construction, or maintenance of voice and data communications equipment, communications infrastructure, or other information technology necessary to provide emergency response services under authority of the unit imposing the fee; and
- (5) an emergency telephone notification system under IC 36-8-21.

The legislative body of the unit may appropriate money in the fund only for such expenditure."

IC 36-8-16.5-43 states:

"County wireless emergency telephone system funds; establishment; deposits by county treasurer, Sec. 43. The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the _____ (insert name of county) wireless emergency telephone system fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section."

IC 36-8-16.5-41 states:

"(a) A PSAP shall use its distribution made under section 39 of this chapter for the lease, purchase, or maintenance of wireless enhanced emergency telephone equipment, including:

- (1) necessary computer hardware, software, and data base equipment;
- (2) personnel expense and training;
- (3) the provision of wireless enhanced emergency service; or
- (4) educating consumers about the operations, limitations, role, and responsible use of enhanced 911 service."

REQUEST FOR CERTIFICATIONS

Certifications and documentation for expenditures from the 911 funds were requested from the eighteen PSAP located throughout Lake County. Two of the PSAPs did not provide certifications. Based on the County records we could determine that one did not receive any E911 funds but did not complete a certification so stating. The other did actually receive E911 funds from the County but has failed to provide a certification and documentation.

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-8-16-14 states:

"The legislative body of the unit may appropriate money in the fund only for such an expenditure.

(b) This subsection applies to a county that:

- (1) imposes a fee under section 5 of this chapter; and
- (2) contains a municipality that operates a PSAP (as defined in IC 36-8-16.5-13).

Not later than January 31 of each year, the county fiscal body shall submit to each municipality described in subdivision (2) a report of all expenditures described in subsection (a) paid during the immediately preceding calendar year.

(c) The state board of accounts shall audit the expenditures of emergency telephone system fees made during each of the following calendar years by each unit that imposed a fee under section 5 of this chapter during the following calendar years:

- (1) The calendar year ending December 31, 2005.
- (2) The calendar year ending December 31, 2006.
- (3) The calendar year ending December 31, 2007.

Not later than November 1, 2008, the state board of accounts shall report to the regulatory flexibility committee established by IC 8-1-2.6-4 on the audits conducted under this subsection.

(d) The state board of accounts annually shall audit the expenditures of emergency telephone system fees made during the immediately preceding calendar year by each unit that imposes a fee under section 5 of this chapter. The state board of accounts shall conduct the first audits required by this subsection with respect to expenditures of emergency telephone system fees made during the calendar year ending December 31, 2008.

(e) In conducting the audits required under subsections (c) and (d), the state board of accounts shall determine whether the expenditures made by each unit are in compliance with:

- (1) subsection (a); and
- (2) section 15 of this chapter, as appropriate."

COUNTY COUNCIL
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2009, with Larry Blanchard, President of the County Council; Elsie Franklin, Councilman; and Ernie Dillon, Councilman. The official response has been made a part of this report and may be found on page 10.

LAKE COUNTY COUNCIL

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LAKE COUNTY GOVERNMENT CENTER
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7th District
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October 23rd, 2009

State Board of Accounts
Bruce Hartman; State Examiner
302 West Washington St. Rm. E 418
Indianapolis, IN. 46204-2765

Fr: Larry Blanchard; Council President *LB*

Re: Lake County Council Sept. 28, 2009 Exit Conference
Official's Response.

1) Rainy Day Fund Appropriation;

The Council located the paperwork indicating action was taken on the appropriation at it's regular meeting in June 2008 and forwarded same to local State Board staff.

2) Jury Duty Supplemental Fee;

The L.C. Council will address an Ordinance at their November meeting to increase juror pay from \$15.00 to \$20.00.

3) Vehicle Inspection Fees:

The L.C. Council will address an Ordinance at their November meeting to establish a \$5.00 vehicle inspection fee.

4) 911 Fees;

The L.C. Council and Board of Commissioners passed on an Ordinance establishing a wireless emergency telephone system fund at their September/October meetings.

5) S.N.A.P. Fund;

The L.C. Council will address an Ordinance at their November meeting establishing a S.N.A.P. Fund.

6) Treasurer's Fee;

The L.C. Council and Board of Commissioners passed on an Ordinance establishing a Treasurer's fee of \$1.00 at their October meetings.