

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

AUDIT REPORT
OF
PARK AND RECREATION DEPARTMENT
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>
Park Comptroller	Karen Dowler	01-01-08 to 12-31-09
Chief Executive Officer	Robert J. Nickovich	01-01-08 to 12-31-09
President of the Park Board	Carl Vonasch Christopher Morrow	01-01-08 to 12-31-08 01-01-09 to 12-31-09
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
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the Park and Recreation Department 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 9, 2009

PARK AND RECREATION DEPARTMENT
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

CASH CHANGE - INTERNAL CONTROLS

The Lake County Park and Recreation Department had a building flood in September of 2008. Due to flooding, the safe had to be left open, and the cash was pulled out to dry. This was done on September 15th and 16th. After those two days the cash was put back into the safe without being counted. On November 17, 2008, an internal cash count of the money in the safe was performed and determined to be short \$1,300. The internal audit done on September 2, 2008, showed that the correct amount of currency was still in the safe. A police report was made on November 19, 2008, but the Park and Recreation Department was unable to determine who may have taken the missing money because many employees would have had access to the cash when the safe was left open to dry out. Internal controls were not implemented during this time to account for the money.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (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)

INTERNAL CONTROLS OVER PETTY CASH

The Park and Recreation Department has a petty cash checking account for liquor purchases at their banquet facilities that need to be paid at the time of delivery. Invoices paid from this checking account are then submitted to the County for reimbursement to the checking account. Reimbursements have been greater than what was spent by the Park and Recreation Department due to invoices submitted because invoices were paid from other park funds and not the petty cash checking account. This resulted in an over reimbursement to the petty cash checking account. In some instances the Park and Recreation Department did not submit all of their expenses for reimbursement.

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)

PARK AND RECREATION DEPARTMENT
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

DEPOSITS (Applies to Whihala Beach, Banquet on the Green, Lake Etta)

In some instances, receipts were held up to ten days before being deposited in the bank at Whihala and up to five days at Banquet on the Green and Lake Etta.

IC 5-13-6-1(c) states in part:

"All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

TIMELY RECORDKEEPING

We noted instances of report of collections that were held up to seventeen days at Whihala Beach, thirteen days at Banquet on the Green, and fifteen days at Lake Etta, before being remitted to the Park and Recreation Department office for entry in the ledger.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CATERING CONTRACTS

The following discrepancies were noted concerning the contracts issued for catering events:

1. Contract forms are not approved by the Park Board.
2. Fees collected did not agree to the contract because:
 - a. some contracts were not filled out completely, for example, cost per person was not entered.
 - b. some contracts had alterations, for example, sentences were blacked out that included fees for credit card handling.
 - c. contracts did not indicate the number of people attending.

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.

PARK AND RECREATION DEPARTMENT
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CAPITAL ASSET RECORDS

In testing additions and deletions of capital assets to the asset listing presented for audit, we noted the following deficiencies:

1. Park equipment and land was purchased and not listed on the capital asset additions.
2. Construction in progress activity at Three Rivers Park, Bellaboo's Play and Discovery Center, was not noted for 2007 or 2008 in the capital asset records, even though multiple change orders had been approved in the Park Board minutes.

Controls should be reviewed to ensure complete records are obtained from all departments.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 7)

PARK AND RECREATION DEPARTMENT
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 9, 2009, with Karen Dowler, Park Comptroller; Robert J. Nickovich, Chief Executive Officer; and Lawrence J. Klein, Chief Operating Officer.