B37132

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

AUDIT REPORT

OF

COUNTY AUDITOR

CLARK COUNTY, INDIANA

January 1, 2008 to December 31, 2008

FILED
06/18/2010

TABLE OF CONTENTS

COUNTY OFFICIALS

Office	Official	Term
Auditor	Keith Groth	01-01-08 to 12-31-10
President of the County Council	David Abbott	01-01-08 to 12-31-09
	Jack A. Coffman	01-01-10 to 12-31-10
President of the Board of County Commissioners	M. Edward Meyer	01-01-08 to 12-31-10

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF CLARK COUNTY

We have audited the records of the County Auditor 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 Clark County for the year 2008.

STATE BOARD OF ACCOUNTS

May 19, 2010

FINANCIAL CONDITION – GENERAL FUND

As part of the audit of the County for the year 2008, we also reviewed the County General Fund's financial condition at December 31, 2009. The following is information regarding the financial condition of the County's General Fund as of December 31, 2009:

Deficit Cash Balance

As of December 31, 2009, the County's General Fund had a deficit cash balance of $3,088,053.

Deficit cash balances can occur only because several County funds share a common depository account. When a deficit cash balance occurs, the County Auditor is in effect borrowing funds from other County Funds without obtaining formal approval from the County Council.

IC 36-1-8-4 (a) states:

"The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

(1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.

(2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.

(3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.

(4) The amount transferred must be returned to the other fund at the end of the prescribed period.

(5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred."

The primary cause for the General Fund's deficit cash balance was the County expending monies in excess of appropriations approved by the Indiana Department of Local Finance, as more fully described in the section below titled "Disbursements in Excess of Appropriations."

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Disbursements in Excess of Appropriations

The deficit cash balance occurred in part when general fund disbursements exceeded approved budgeted appropriations during the year 2009 in the amount of $2,642,666 as shown below:

Disbursements	
Disbursements per ledger for 2009	$ 24,617,882
Adjustments:	
Less unappropriated State called meetings (a)	25,748
Less tax refunds (b)	4,568,238
Less voided checks (c)	1,629,312
Total adjusted disbursements	18,394,584
Appropriations	
State approved budget for 2009	14,715,024
Encumbrances carried forward from 2008	1,036,894
Total budget and encumbrances	15,751,918
Total disbursements in excess of appropriations	$ 2,642,666

Notes to Schedule:

(a) As provided by statute, State called meeting are paid without appropriation and would not be included in the total disbursements used for comparison with budgeted expenditures.

(b) Tax refunds are not included in the final adjusted disbursement amount since these disbursements are reimbursed to the general fund at the time of the December tax settlement.

(c) These are checks issued in error and subsequently receipted back to the record balance of cash.

Once the final budget approval was received from the Indiana Department of Local Government Finance (DLGF), the County Council met to modify their original budget amount. On August 19, 2009, the County Council formally made a reduction to the 2009 budget; however, the reduction was made in the amount of $910,000, not the total $7,367,076 required to comply with the DLGF budget order. The County Auditor's General Fund ledger shows appropriations totaling the amount of the original County Council budget less the reduction of $910,000, as ordered by the County Council.

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

IC 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the County related to financial transactions and reporting (see subsequent Audit Results and Comments). We believe the following deficiencies constitute material weaknesses:

1. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks should be managed. The County has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

2. Monitoring of Controls: Effective internal control over financial reporting also requires the County Board of Commissioners to monitor and assess the quality of the County's system of internal control. The County Board of Commissioners has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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.

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 County Auditors of Indiana, Chapter 14).

FINANCIAL MANAGEMENT SYSTEM

A review of the County's accounting records identified the following concerns regarding the computerized accounting system utilized by the County to process financial activity:

1. Reports generated by the accounting application do not always provide accurate information regarding the beginning cash balance, receipts, and disbursements.

a. The beginning cash balances brought forward from the prior year are shown as receipt transactions instead of beginning cash balances. The beginning cash balances are included in the total amount of the receipts in the funds ledger thus misrepresenting the total receipts for the year. As a result of having the beginning cash balances included in the total receipts, the system does not generate a report showing the beginning cash balance in order to ensure that cash balances were correctly brought forward from one accounting period to the next and readily identify the actual receipts for the period for comparison with final amounts reported in the financial statements.

b. Various reports generated from the system included previous year's receipt and disbursement activity for funds in previous years that are no longer in use. As a result, those reports had incorrect receipt and disbursement amounts that needed to be adjusted for the activity related to these funds. In addition, this condition caused various reports generated by the computer system to not be in agreement with one another.

2. Report headings do not, but should, specify parameters used when generating the report. In some instances reports do not include the "range or subset" of the information included in the report. The "Combined Ledger (All Detail)" report does not include information regarding the range of the funds and/or account numbers included in the generated reports. Report parameters should be included in report headings to help ensure reports are not misinterpreted.

3. The accounting system generates a receipt/quietus number. The system allows the user to change the number and does not always increment the number properly from one transaction to another. The accounting system should enforce proper sequential numbering of receipts and not allow the user to change the numbering. Sequential numbering helps to ensure the accounting for all receipts/quietuses.

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.

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 County Auditors of Indiana, Chapter 14)

TRANSFERS BETWEEN FUNDS

Transfers between funds were not properly recorded and identified in the financial records. Several instances were noted in which the receipt transaction recorded in the fund would be reported as a transfer in; however, the corresponding disbursement transaction from the appropriate fund would not be reported as a transfer out or vice versa. This problem was further complicated because there were instances that supporting documentation for the transaction did not identify the multiple funds involved in the transfer, making it difficult to determine which funds were involved in the financial activity to ensure proper financial reporting. Also, the date of the receipting and disbursing transactions related to the transfers in/out were not always the same date, making it even more difficult to properly identify the related financial activity. As a result of improper financial reporting of transfers in/out, audit adjustments approximating $2,400,000 were made to report accurate financial activity on the financial statements.

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 County Auditors of Indiana, Chapter 14)

A similar comment appeared in prior Report B33698.

DETAILED EXPENDITURE ACCOUNTS NOT RECORDED

The County Council approved the annual budget based upon the following four (4) major budget classifications:

Major Budget Classification	Description
100	Personal Services
200	Supplies
300	Other Services and Charges
400	Capital Outlay

As a result of the Council's approved budget, the County Auditor's office did not record disbursements to detailed expenditure accounts that described the purpose of the funds expended. The following are examples of detail expenditure accounts for Other Services and Charges that are normally used to provide detailed information regarding the types of expenditures made:

Expenditure Account	Description
312	Postage
313	Travel
314	Telephone
352	Repair of Equipment

In addition, for some funds that were created locally under a home rule ordinance, no expenditure categories of any type were used. Expenditures were simply posted to a category titled "unappropriated."

Recording of disbursements to detailed expenditure categories is needed to provide meaningful information on the type and nature of County expenditures and to provide an effective mechanism to monitor budget compliance in order to make informed financial decisions. Budget compliance cannot be effectively monitored and informed decisions made if expenditures are not sufficiently detailed. For example, by having only one broad category for personnel services that included salaries, benefits, and overtime, the County could not readily identify how much of the budget had already been spent during the year for salary workers and their related benefits in order to determine how much was available in the budget for overtime when needed.

Failure to have expenditures classified in a meaningful manner to identify how the funds are used increases the County's risk for the misappropriation of assets. Financial information cannot be reviewed in a meaningful manner to detect any unusual increases in expenditures that could be improper or misclassified.

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 County Auditors of Indiana, Chapter 14)

In addition to posting the appropriation account, disbursements shall also be posted to the detail disbursement accounts (or minor expenditure accounts) under each appropriation for which such detail is required. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 6)

Expenditures from budgeted funds shall be classified in accordance with the major budget classifications and minor objects prescribed for counties. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 5)

A similar comment appeared in prior Report B33698.

DISBURSEMENT PROCEDURES

A review of the County's financial system identified the following problems with internal control procedures over disbursements:

1. Proper procedures were not in place to determine that correct amounts were paid on invoices. If a single invoice contained expenditures that would be charged to more than one budget appropriation expenditure account or to more than one fund, a separate accounts payable voucher was completed for the amount associated with each invoiced item to be charged to a different appropriation/fund number. Procedures were not in place whereby the individual accounts payable vouchers submitted were totaled and compared to the invoice total in order to verify the proper amount owed was paid. Furthermore, if the invoice represented charges to various departments within the county, each department would be required to submit a separate accounts payable voucher for its share of the invoice. There were no procedures in place to ensure that all of the departments submitted the accounts payable voucher to the County Auditor for payment at the same time to ensure that the final amount paid was proper.

   Failure to compare actual amounts paid to amounts invoiced could result in the improper amount being paid.

2. There was no procedure in place whereby if an invoice was not paid in full, information was documented as to why the full amount was not paid and an evaluation of the reasonableness of the explanation. In reviewing expenditures associated with the County's Airport Improvement federal grant, it was noted that only portions of an invoice would be paid with the remaining balance of the amount invoiced not being billed for up to six months later. No procedures were in place to document amounts previously paid in order to verify that the subsequent amounts paid did not exceed the total amount invoiced.

   Failure to the properly document differences between the amounts being paid and the amounts owed could result in untimely payment of amounts owed, late fees being incurred, and the expenditures being reported in the incorrect accounting period. In addition, it could be an indicator of personal items being charged on the County's account.

3. Vendor statements are not submitted with the invoices and accounts payable voucher to the County Auditor for payment.

   Failure to compare the vendor statements with the invoices increases the risk of potential liability for unpaid invoices, expenditures not being recognized in the proper accounting period, fraudulent expenditures, and late fees assessed for untimely payment. Missing invoices, unfamiliar invoices, or past due amounts could indicate personal items are being purchased using the County's account.

   A comparison of the vendor statement with invoices should be made to ensure timely and proper payment of amounts owed and to reduce potential fraud risks.

4. Vendor checks were shown as voided and receipted back to the records in the amount of approximately $150,000. The majority of these voided checks were the result of checks being issued for invoices that had previously been paid, some of which were detected by the County prior to the checks being mailed to the vendor and others in which the vendors returned the checks to the County.

   Comparison of vendor statements with invoices and previous amounts paid should be performed at the time of payment to help reduce the risk of duplicate payments. The County Auditor should determine if the accounting software has a feature whereby duplicate invoice numbers from the same vendor could be detected prior to the issuance of a check.

5. The County did not have procedures in place whereby if a check was voided that the voided payment was adjusted in the vendor's history of total payments for proper federal tax reporting on the vendor's 1099.

6. Checks issued to vendors are returned to the County department which initiated the purchase for mailing to the vendor. Returning the checks to the person who initiated the transaction could result in the misappropriation of funds.

7. Check issued from one County fund to another for payment or reimbursement of services are distributed to by the County Auditor to the receiving department which then turns around and resubmits the collections to the County Auditor via a report of collections.

Checks issued by the County Auditor to the County should be immediately receipted to the records and remitted to the County Treasurer for deposit. Access to funds collected should be limited to as few people as possible. Anytime funds exchange hands there is an increase in the risk of loss of collections and the possibility of substitution.

8. Existing controls in place to verify that sufficient supporting documentation is provided for all payments made were not operating properly. Five percent of the disbursements tested did not have adequate documentation to identify what was purchased and to establish if the disbursements were for legitimate governmental business.

   Failure to provide itemized documentation of items purchased could result in expenditures being made for items not related to governmental business or for goods/services not actually received.

   IC 5-11-10-1.6(c) states in part: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the governmental entity's fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim . . . "

   Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

9. Accounts Payable Register, General Form 364, has been prescribed to provide a mechanism to document approval for the payment of claims by the Board of County Commissioners and certification by the County Auditor of the correctness of the claim.

   The prescribed Accounts Payable Register, General Form 364, was not in use during 2008. An alternative computerized form was in use; however, this form did not contain the same headings and information as required by the prescribed form.

   Proper procedures were not in place to ensure that all accounts payable vouchers were placed on the alternative computerized accounts payable voucher register submitted to the County Auditor and Board of Commissioners for approval of payments. If disbursements were not required to be advertised, the claims were not placed on the accounts payable register. If claims were processed by someone other than the regular claims clerk, there were not procedures in place to notify the claims clerk of the processing of these transactions for the inclusion on the accounts payable register. There was no proof or reconciling procedure in place between the claims and the computerized register to assure that all claims were properly recorded for submission and approval by the County Auditor and Board of County Commissioners.

Failure to have proper procedures in place for the approval of disbursements could result in funds being disbursed that are not authorized.

IC 5-11-10-2(a) states: "Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Where a mechanized or computerized accounting system is in use, it is permissible to prepare the Register of Claims on an alternate form. The alternate form must contain the same headings and information shown on the prescribed form and, if claims are not individually allowed, the form must contain the certification and signatures of the governing body as shown on the prescribed form. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 4)

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 County Auditors of Indiana, Chapter 14)

INTERNAL CONTROL - CAPITAL ASSETS

No information was presented for audit to indicate that an inventory was performed and maintained of the County's capital assets. Capital asset records for the year 2008 were not up to date. Capital assets records for the year 2008 were requested for audit in July of 2009 and were not submitted for review until the beginning of September of 2009. Subsidiary records were not maintained to identify various airport and bridge projects.

A review of the capital asset records noted the following purchase of assets and payment of projects costs during the year 2008 totaling $1,341,668 that were not recorded in the capital asset records:

Fund	Description	Amount
County Alcohol & Drug Program	Eight cars for the Courts & Health Dept.	$ 125,839
County Alcohol & Drug Program	Sheriff's Radio Equipment	15,000
County Alcohol & Drug Program	Renovation to Court Offices - Carpeting	37,500
Clark Co. Adult & Juvenile Facility Usage	Jail Equipment	21,087
Clark Co. Adult & Juvenile Facility Usage	Parking Lot Surfacing	13,485
Clark Co. Adult & Juvenile Facility Usage	Dell Computers for Sheriff's Dept.	10,684
Aviation	Land & Engineering for Airport Project	1,118,073
Total Unrecorded Assets/Project Costs		$ 1,341,668

Our audit disclosed that internal control over capital assets was inadequate to provide reasonable assurance that assets would be safeguarded against loss, and that reliable data is obtained, recorded, and maintained to determine compliance with Federal, State and local requirements. The County's procedures in place for capturing capital asset information for recording in the capital asset record is ineffective, resulting in assets being purchased and not being properly recorded and assets disposed of not being removed from the records. Failure to maintain subsidiary records for these projects allowed project costs to be incurred but not recorded in the construction in progress category and later capitalized when completed.

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 County Auditors of Indiana, Chapter 14)

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger 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 County Auditors of Indiana, Chapter 14)

EXPENDITURES IN EXCESS OF APPROVED APPROPRIATIONS

The records presented for audit showed the following expenditures in excess of budgeted appropriations:

Year	Excess Amount Expended	Fund
2008	$ 228,834	Cumulative Capital Development
2008	74,000	County CEDIT

In addition, expenditures were made from the following funds which were not appropriated:

Year	Expended Without Appropriation	Fund
2008	$ 2,353,276	Landfill Improvements
2008	104,894	Sheriff's Public Relations
2008	274,955	Clark County Adult & Juvenile Facility Usage
2008	259,401	Landowners Liability and Contingency Fund
2008	132,209	Drainage Non-Reverting Fees

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

IC 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

OVERDRAWN CASH BALANCES

The cash balance of the County General Fund and the Courthouse Lease Rental Fund were overdrawn at December 31, 2008, in the amount of $1,040,932 and $337,325, respectively.

Deficit cash balances can occur only because several County funds share a common depository account. When a deficit cash balance occurs, the County Auditor is in effect borrowing funds from other County Funds without obtaining formal approval from the County Council.

IC 36-1-8-4 (a) states:

"The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

(1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.

(2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.

(3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.

(4) The amount transferred must be returned to the other fund at the end of the prescribed period.

(5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred."

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

A similar comment appeared in prior Report B33698.

ANNUAL FINANCIAL REPORT

The County Annual Financial Report (CAR-1) for the year 2008 was not prepared, filed with the State Examiner, or advertised as required by statute.

For the audit period, IC 5-11-1-4(a) concerning annual reports, stated in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

IC 36-2-2-19 states in part: ". . . the executive shall make an accurate statement of the county's receipts and expenditures during the preceding calendar year. . . . The executive shall post this statement at the courthouse door and two (2) other places in the county and shall publish it in the manner prescribed by IC 5-3-1."

A similar comment appeared in prior Report B33698.

LATE PAYMENT FEES

AT&T invoices the County quarterly for emergency telephone network and equipment. The County paid late payment fees in the amount of $4,440 during the year 2008 from the Emergency Telephone System fund. The following schedule shows the due date, date paid, invoice amount, and resulting late fees paid:

Quarter Ending	Due Date	Date Paid	Quarterly Contract Amount	Late Fee
Dec 2007	01-01-08	01-30-08	$ 74,001	$ 1,110
March 2008	04-01-08	04-30-08	74,001	1,110
June 2008	07-01-08	07-30-08	74,001	1,110
Sept 2008	10-01-08	11-26-08	74,001	1,110
Dec 2008	01-01-09	02-12-09	74,001	2,220
March 2009	04-01-09	05-21-09	74,001	1,110

As of September 16, 2009, only two quarterly payments had been made to AT&T. Late fees totaling $3,330 were incurred and paid on these invoices with a balance of $1,110 still owed for previous late fees assessed and not paid.

We also noted that late payment fees were being paid on credit card payments during 2008 from the Emergency Telephone System Fund.

Jerry Hall, 911 Director, stated the primary cause of the late payments was due to not having a sufficient cash fund balance in the Emergency Telephone System Fund at the time the payment was due. No information was presented for our audit showing what action was taken by either the 911 Director and/or County Auditor after the first occurrence to avoid subsequent late payment fees assessed in 2008.

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 County Auditors of Indiana, Chapter 14)

IC 36-1-8-4(a) states in part: "The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision . . ."

PENALTIES PAID TO THE IRS

Penalties in the amount of $2,509 were paid to the Internal Revenue Service (IRS) on February 13, 2008, for failure to pay employment tax timely for the quarter ending December 31, 2007.

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 County Auditors of Indiana, Chapter 14)

CORRECTION OF TAX DUPLICATE ERRORS

Form 133 (Petition For Correction Of An Error) is required to be reviewed and approved by at least two County officials (Township Assessor, County Auditor or County Assessor) and is used to correct the following errors specified in IC 6-1.1-15-12(a) that states in part the following:

". . . a county auditor shall correct errors which are discovered in the tax duplicate for any one (1) or more of the following reasons:

(6) The taxes, as a matter of law, were illegal.

(7) There was a mathematical error in computing an assessment.

(8) Through an error of omission by any state or county officer, the taxpayer was not given credit for an exemption or deduction permitted by law."

Form 133 is required to be initiated and certified by the taxpayer.

The following deficiencies were noted based on the Form 133's we reviewed that were submitted by the County Assessor and approved and processed by the County Auditor:

1. None of the Form 133's reviewed were certified by the taxpayer. Vicky Kent Haire, County Assessor, stated these errors were found by her office and not by the taxpayer.

2. For 29% of Form 133's reviewed, sufficient documentation was not reported to support the reduction of tax assessments.

3. Form 133 was also used to adjust or remove tax assessments for purposes other than those specified on the form such as removal of personal property taxes. These type of corrections are required to be documented using Certificate of Error (Form 127CE).

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 18, 2010, with Keith Groth, Auditor. The official concurred with our audit findings.

The contents of this report were discussed on May 19, 2010, with M. Edward Meyer, President of the Board of County Commissioners; and Jack A. Coffman, President of the County Council.