

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

AUDIT REPORT
OF
COUNTY COMMISSIONERS
HUNTINGTON COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
06/22/2011

*Reissued April 11, 2012, to
include additional comments
found on pages 4 through 6.*

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board of County Commissioners	Tom Wall	01-01-10 to 12-31-12
President of the County Council	John E. Hacker	01-01-10 to 12-31-12



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TO: THE OFFICIALS OF HUNTINGTON COUNTY

We have audited the records of the County Commissioners for the period from January 1, 2010 to December 31, 2010, 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 Huntington County for the year 2010.

STATE BOARD OF ACCOUNTS

March 6, 2012

COUNTY COMMISSIONERS
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS

SALARY PAID TO PROGRAM COORDINATOR FOR L.A.C.E. (LOCAL ANTI-DRUG COALITION EFFORTS) FUND AND STOP – STOPPING TOBACCO (INDIANA TOBACCO PREVENTION AND CESSATION) FUND PROGRAMS

The L.A.C.E. Fund was established to account for alcohol and drug services program fees. These fees are collected by the County Clerk and remitted to the County Auditor monthly. The distribution of these fees are allocated in a drug free communities plan approved by the local commission (L.A.C.E.) and appropriated by the County Council. This allocation is based on specific guidelines established by Indiana Code 5-2-6-16.

STOP – Stopping Tobacco Fund was established to account for the Indiana Tobacco Prevention and Cessation grants received by the county.

Disbursements for the salary of the program coordinator, Melissa A. Phillips, were allocated between the two funds as part of the programs' plans budgets. Ms. Phillips worked from home. Before February 22, 2010, the program coordinator was treated as a contractor and paid through the claims process. Starting on February 22, 2010, the program coordinator was paid through the payroll process. The change in the method used for salary payment was explained as a request from the program coordinator. A contract with the grant coordinator was not presented for audit. Her salary during the time paid through payroll was not included in the salary ordinance. She was not offered any benefits that County employees receive. An analysis for determination of whether the program coordinator was an employee vs. a contractor was not presented for audit.

Based on the programs' budget for salary to be paid to the program coordinator we found the following variances:

Fiscal Year	Budgeted Salary	Actual Salary Paid	Variance L.A.C.E.	Variance STOP
2007 – 2008	\$ 8,667.12	\$ 9,455.04	\$ 787.92	\$ -
2007 – 2009 (2 year budget)	77,071.20	78,719.36	-	1,648.16
2009 – 2010	10,412.00	11,160.45	748.45	-
2009 – 2010	25,466.00	26,277.75	-	811.75
Totals			<u>\$ 1,536.37</u>	<u>\$ 2,459.91</u>

The Commissioners informed us that at the time of submission of the claims for salary they were unaware of their authority to enforce the budgeted salary or oversight of the grant.

We question cost the salary payments of \$3,996.28 that are in excess of the budgeted salary as reported in our supplemental report entitled L.A.C.E. AND STOP PROGRAMS, HUNTINGTON COUNTY for the audit period of January 1, 2007 through December 31, 2010.

COUNTY COMMISSIONERS
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 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)

SUPPORTING DOCUMENTATION

Four claims paid had undocumented reimbursements totaling \$2,552.15, of which \$2,278.40 was paid to Melissa A. Phillips, Program Coordinator, and \$273.75 to an office supply vendor. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. Therefore, we question cost these reimbursements as reported in our supplemental report entitled L.A.C.E. AND STOP PROGRAMS, HUNTINGTON COUNTY for the audit period of January 1, 2007 through December 31, 2010.

Indiana Code 5-11-10-1.6(c) states:

"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 Counties of Indiana, Chapter 1)

COUNTY COMMISSIONERS
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PURCHASING BONUSES

Some invoices for items purchased indicated a mail in rebate was available. There were no receipts noted for these rebates to indicate they were redeemed.

Invoices from Quill Corporation indicated that additional items were received at no cost to the program. These items included DVDs, cookie tins, candy, candles, picture frames, water, bath sets, toiletry bag, clock radio, and office supplies.

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the governmental unit becomes the property of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

If purchased by a contractor, this should be addressed as part of the contract.

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)

RECORD OF HOURS WORKED

Melissa A. Phillips, Program Coordinator, was paid from more than one program. A record of hours worked for each program was not presented for audit.

Indiana Code 5-11-9-4(b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

If paid to a contractor, documentation requirements should be addressed in the contract.

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)

PUBLIC WORKS PROJECT

On April 1, 2010, Huntington County awarded Star Excavating a \$69,985 contract for site work for the construction of a new fire station for the Town of Mt. Etna, through a Community Development Block Grant (CDBG) project. On April 30, 2010, Change Order No. 1 of \$48,512 was approved. The change order was for additional work that exceeded the scope of the original project and increased the amount of the original contract by 69 percent.

The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract. A change order issued as a result of circumstances that could not have been reasonably foreseen does not increase the scope of the project. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 8)

COUNTY COMMISSIONERS
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2012, with Tom Wall, President of the Board of County Commissioners, and John E. Hacker, President of the County Council.