

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

EXAMINATION REPORT
OF
COUNTY HIGHWAY DEPARTMENT
PIKE COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED

10/06/2011

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COUNTY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|-------------------|--------------------------|
| Highway Lead Man (Interim Superintendent) | Roger Ham | 01-01-2010 to 05-17-2011 |
| Highway Superintendent | Bob Morton | 05-18-2011 to 12-31-2011 |
| President of the County Council | Sharon Booth | 01-01-2010 to 12-31-2010 |
| | Gregory K. Willis | 01-01-2011 to 12-31-2011 |
| President of the Board of County Commissioners | Dale Nalley | 01-01-2010 to 12-31-2011 |
| | Mark Flint | 01-01-2011 to 12-31-2011 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PIKE COUNTY

We have examined the records of the County Highway Department 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Pike County for the year 2010.

STATE BOARD OF ACCOUNTS

June 27, 2011

COUNTY HIGHWAY DEPARTMENT
PIKE COUNTY
EXAMINATION RESULTS AND COMMENTS

COMPENSATORY TIME AND OVERTIME POLICY

A compensatory time or overtime policy was presented for examination as a part of the County employee handbook. However, the employee handbook pertaining to overtime/compensatory time does not state who is eligible for compensatory time.

In many of the County departments, the compensatory time is being maintained by the individual employees. Per the employee handbook, compensatory time is to be pre-approved by the immediate supervisor; this procedure is not being followed. Also, in many cases, the employees are not having the supervisors sign off on the compensatory time when it is submitted at the end of the payroll period.

The employee manual states that for the purpose of computing overtime/compensatory time, only hours actually worked are counted. Holiday pay or sick pay hours are not included as hours worked when calculating overtime/compensatory time. This policy is not being followed.

Each governmental unit should adopt 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)

INTERNAL CONTROLS FOR RECEIPTS

Controls for receipts generated by the County Highway Department for culvert repair and replacement are insufficient.

The County Highway Department installs culverts for County customers when roads are resurfaced or replaced, or with the new construction of homes or businesses. The receipts are noted with what size of culvert, the amount of rock used, and the customer name. However, there is no bill that is presented to the customer from the County Highway Department.

The amount to be billed to the customer is verbally given to the secretary at the County Highway Department office and that is the amount collected from the customer. In effect, there is no support to verify if the customer received the size of culvert that is on the receipt.

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 Indian, Chapter 1)

COUNTY HIGHWAY DEPARTMENT
PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2011, with Ronald K. Wilson, County Auditor; Mark Flint, President of the Board of County Commissioners; Gregory K. Willis, President of County Council; Roger Ham, Highway Lead Man; and Bob Morton, Highway Superintendent. The officials concurred with our examination findings.