

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

AUDIT REPORT

OF

PLAN COMMISSION

LAKE COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED

11/01/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Ned Kovachevich	01-01-10 to 12-31-11
President of the Plan Commission	Ted Bilski Ken Huseman	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the Plan Commission 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of Lake County for the year 2010.

STATE BOARD OF ACCOUNTS

August 3, 2011

PLAN COMMISSION
LAKE COUNTY
AUDIT RESULT AND COMMENT

NOTARY SERVICE – PLAN COMMISSION

The Plan Commission requires building permits, licenses, variance applications, and zoning applications to be notarized. The Plan Commission has three notaries on staff to perform this service. They charge a \$2 fee for each item that needs to be notarized. This fee is not included in the schedule of fees approved by the Plan Commission Board. A receipt is not issued for the notary fee unless requested. The receipt forms, when issued, are not prescribed or approved forms. The fees collected were maintained by the Plan Commission employees who received the collections and were not remitted to the County Auditor. Once a month, the fees are then deposited into a separate bank account for the Plan Commission Social Club that is not associated with the County.

Also included in the deposits to the Plan Commission Social Club are employee contributions of \$6 per month per employee, which total \$66 a month.

A cash count conducted on August 1, 2011, totaled \$118, which included notary fees and employee contributions.

The balance in the checking account per the Check Register as of August 1, 2011, was \$1,729.68. Review of the Check Register for the period of January 1, 2009 thru August 1, 2011, determined that \$4,162 was deposited, and the following disbursements were made, including the costs of the notary license fees, as shown below:

Type of Disbursement	Amount
Flowers	\$ 634.09
Social Gatherings (Christmas or other parties)	1,315.81
Notary License Fees	145.85
Office Supplies	129.56
Gifts (Including Gift Certificates)	500.00
Bank Fees	62.90
Total Disbursements	\$ 2,788.21

If the 11 employees contributed \$6 each per month for the 31 months from January 1, 2009 thru July 31, 2011, \$2,046 of the \$4,162 deposited would have been from the employee contributions, with the remaining \$2,116 consisting of from notary license fees collected.

We recommended that officials remit the balance of \$1,729 in the checking account as of August 1, 2011, as well as the cash on hand of \$118 to the County Auditor for deposit into the General Fund.

Indiana Code 36-2-7-2 states:

"Except as otherwise provided by sections 6, 9, and 13 of this chapter, the compensation fixed for county officers and employees under this title is in full for all governmental services and in lieu of all:

PLAN COMMISSION
LAKE COUNTY
AUDIT RESULT AND COMMENT
(Continued)

- (1) fees;
- (2) per diems;
- (3) penalties;
- (4) costs;
- (5) interest;
- (6) forfeitures;
- (7) percentages;
- (8) commissions;
- (9) allowances;
- (10) mileage; and
- (11) other remuneration;

which shall be paid into the county general fund."

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (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.

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)

PLAN COMMISSION
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2011, with Ned Kovachevich, Director; Ken Huseman, President of the Plan Commission; and Joan Wood, Administration Assistant. The Official Response has been made a part of this report and may be found on pages 7 and 8.



LAKE COUNTY PLAN COMMISSION

PLANNING & BUILDING DEPARTMENTS
2293 N. MAIN STREET
CROWN POINT, IN 46307

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755-3701
374-5955
24 HOUR ANSWERING SERVICE 755-3702

August 3, 2011

Mr. Bruce Hartman, CPA, State Examiner
Indiana State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, Indiana 46204-2765

RE: OFFICIAL RESPONSE

Dear Mr. Hartman:

Let this letter serve as our official response to the audit results and comments and our exit conference completed with Mrs. Karen Tetrault of your department. Mrs. Tetrault pointed out a discrepancy with the manner in which we handle our notary money as can be seen on the attached Lake County Plan Commission Audit Results and Comments.

I would like to point out that this identical discrepancy was corrected over ten years ago at the insistence of your department. The State Board of Accounts found that we were collecting notary fees and using them for our extraordinary expenses without depositing them in the General Fund. We explained that most documents that are submitted to our office require a notary to verify authenticity. This was a requirement of the Lake County Plan Commission. Also, we explained that when the public came to our office and filled-out most of their paperwork with the help of our staff, it was extremely cumbersome and aggravating for them to be sent back out of our office to find a notary before we would accept the paperwork. Many times they would just leave and begin their project without procuring any required permit. That would lead to enforcement proceedings and additional bad-feelings for everyone. Also, we did not want our department to become a notary for every department and unit of government in the Lake County Government Center and beyond.

So it was agreed by the State Board of Accounts and us that we could continue to conduct our notary, except that anyone holding a notary public would have to pay for their notary separately and by themselves. Everything has worked well since that time. We have not comingled any public funds with our notary money. In fact, we placed our notary fees into a private account that we have itemized and scrutinized closely.

Today, your auditor has told us that we cannot continue our notary procedure in the same fashion as we have for the last several years because our staff members who are licensed notaries are notarizing documents during normal work hours, even though they have paid for their notaries independently. She explained any money received should be

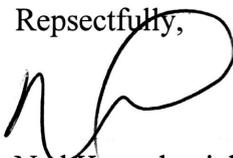
deposited in the County General Fund. Based on our previous agreement, it would be unfair to ask an individual who has become a notary independent of Lake County Government and has paid for their notary themselves to use that notary to make money for the County. As for receiving notary fees during our normal work hours, my staff receives two fifteen minute breaks and an hour for lunch everyday. If they notarized a document during their free time I do not believe it would be a problem, but this question was not adequately addressed when posed to your auditor. In order to properly follow the procedure outlined by your auditor to continue to notarize documents and deposit the money into the County General Fund, we would be required to notarize every document for every office in Lake County Government. Simply, we do not have the time to become a notary for Lake County.

Finally, because this is going to be a very contentious issue with the public having to send them elsewhere to find a notary and because your department has already approved our procedure over ten years ago, it is not fair that you suggest we pay any money back. We would have not conducted our notary procedure in the manner in which it has been conducted without your approval, especially since you were aware of this issue and addressed it previously. Also, since we are a public agency, this correspondence is probably public record. I think this correspondence should be made available to each and every taxpayer as an explanation for the reason they must find a notary outside the Lake County Government Center.

Finally, in your audit you do not even give us credit for using a portion of the money to purchase office supplies or give us credit for having favorable audits each and every year. This is just another reason that the public has to look down on their government. It is ridiculous to make the public spend additional time, effort, and money to find a notary public elsewhere.

If you have any questions, contact me.

Respectfully,

A handwritten signature in black ink, appearing to read 'Ned Kovachevich', with a large, stylized flourish at the end.

Ned Kovachevich, Director