

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

FINANCIAL STATEMENT EXAMINATION REPORT
OF

OHIO COUNTY CONVENTION, TOURISM,
AND VISITOR'S COMMISSION

OHIO COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
03/19/2012

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Sherry L. Timms Eric A. Scudder Brett S. Stowell	01-01-10 to 12-31-10 01-01-11 to 09-27-11 09-28-11 to 12-31-12
Treasurer	Mona D. Cook	01-01-10 to 12-31-12
President of the Board	Mary Turner	01-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OHIO COUNTY CONVENTION, TOURISM,
AND VISITOR'S COMMISSION, OHIO COUNTY, INDIANA

We have examined the financial statement of the Ohio County Convention, Tourism, and Visitor's Commission (Commission), for the period of January 1, 2010 to December 31, 2010. The Commission's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Commission prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position and results of operations of the Commission for the year ended December 31, 2010, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, is presented for additional analysis and is not required parts of the financial statement. It has not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on it.

The Commission's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Commission's management, Commission Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 15, 2011

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the Commission. The financial statement and notes are presented as intended by the Commission.

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	<u>\$ 78,136</u>	<u>\$ 300,002</u>	<u>\$ 268,197</u>	<u>\$ 109,941</u>

The notes to the financial statement is an integral part of this statement.

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Commission was established under the laws of the State of Indiana. The Commission operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Commission (primary government), and does not include financial information for any of the Commission's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Commission (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include: innkeepers tax.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants and state grants.

Other receipts which include amounts received from various sources not otherwise classified.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
NOTES TO FINANCIAL STATEMENT
(Continued)

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

F. Fund Accounting

Separate funds are established, maintained, and reported by the Commission. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Commission. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Commission in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The Commission shall annually prepare an operating budget and submit it to the county fiscal body for its review and approval.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Commission to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The Commission may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
NOTES TO FINANCIAL STATEMENT
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Commission to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Commission by recording as a disbursement and replacement items purchased.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Commission's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the Commission which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the Commission. It is presented as intended by the Commission.

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>General Fund</u>
Cash and investments - beginning	\$ <u>78,136</u>
Receipts:	
Taxes	44,506
Intergovernmental	254,077
Other receipts	<u>1,419</u>
Total receipts	<u>300,002</u>
Disbursements:	
Personal services	132,628
Supplies	14,144
Other services and charges	<u>121,425</u>
Total disbursements	<u>268,197</u>
Excess of receipts over disbursements	<u>31,805</u>
Cash and investments - ending	<u><u>\$ 109,941</u></u>

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS

CREDIT CARD PAYMENTS WITHOUT SUPPORTING DOCUMENTATION

A review of credit card payments made for the period January 2011 to August 31, 2011 on the Commission's credit card assigned to Eric A. Scudder, former Executive Director, showed the following:

	<u>Amount</u>
Total credit card charges	\$ 4,344.70
Supporting documentation	<u>1,217.14</u>
 Paid without supporting documentation	 <u>\$ 3,127.56</u>

At our request, Eric A. Scudder, former Executive Director, submitted documentation for the amounts paid without supporting documentation except restaurant and vehicle gasoline charges discussed in Examination Results and Comments titled "Purchases Made at Gas Stations" and "Restaurant Charges."

Ordinance 2007-1 adopted and passed by the Commission on April 18, 2007, concerning the use of the credit card states in part:

"Section 1: Authorization to obtain credit card: The Executive Director is hereby authorized to obtain a credit card in the name of the Ohio County Convention, Tourism and Visitor's Commission for the customary purchase of supplies and reservations and travel expenses for the Ohio County CTV. . . .

Section3: Responsibility for Card: The Executive Director shall be responsible for and maintain control over the credit card and all invoices, receipts and documentation supporting all charges.

Section 4: Verification of Charges. The Executive Director shall verify each charge appearing on the monthly statement with invoices, receipts and documentation prior to payment.

Sections 5: Private use of card is prohibited. No credit card issued in the name of the Ohio County CTV can be used for any private purchases. . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Indiana Code 5-11-10-1 (b) states: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

PURCHASES MADE AT GAS STATIONS

Eric A. Scudder, former Executive Director, used the Commission's credit card to make purchases from various gas stations. Not all paid receipts were presented for examination. For the paid receipts presented for examination, purchases were for vehicle gasoline. The following is a schedule of these purchases:

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Vendor	Location	Amount	Note to Schedule
06-05-11	Marathon	Carmel, Indiana	\$ 63.04	
06-17-11	Speedway	Carmel, Indiana	58.97	
06-20-11	BP	Rising Sun, Indiana	62.09	(1)
07-12-11	BP	Milan, Indiana	56.93	(1)
07-14-11	Gas America	Lebanon, Indiana	56.42	(1)
07-17-11	Speedway	Hobart, Indiana	50.11	(1)
Total			<u>\$ 347.56</u>	

Note to Schedule:

(1) No receipt or supporting documentation made available.

Eric A. Scudder, former Executive Director, stated in an interview on November 10, 2011, that the above purchases were for personal use and that he had planned to repay the Commission.

Ordinance 2007-1 adopted and passed by the Commission on April 18, 2007, concerning the use of the credit card states in part:

"Sections 5: Private use of card is prohibited. No credit card issued in the name of the Ohio County CTV can be used for any private purchases. . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

On December 15, 2011, we requested Eric A. Scudder, former Executive Director, to refund \$347.56 to the Commission. (See Summary, page 25)

RESTAURANT CHARGES

Eric A. Scudder, former Executive Director, made purchases from restaurants using the Commission's credit card. No information was presented for examination documenting the business purpose of the restaurant charges and no information was presented for examination that restaurant charges were related to overnight travel on Commission business. The following is a schedule of these purchases:

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Date	Restaurant	Location	Amount	Notes
03-29-11	Acapulco	Rising Sun, Indiana	\$ 21.23	
04-15-11	Acapulco	Rising Sun, Indiana	22.63	
04-23-11	Subway	Rising Sun, Indiana	47.29	
05-04-11	Rohrer's Tavern	North Bend, Ohio	21.18	
05-05-11	Court Yard Café	Rising Sun, Indiana	21.16	
06-03-11	Court Yard Café	Rising Sun, Indiana	14.13	(1)
06-03-11	Acapulco	Rising Sun, Indiana	29.20	(1)
06-05-11	Buffalo Wild Wings	Indianapolis, Indiana	31.23	
06-28-11	Applewood Food & Spirits	Aurora, Indiana	44.93	
07-07-11	Skyline Chili	Cincinnati, Ohio	14.56	
Total			<u>\$ 267.54</u>	

Note to Schedule:

- (1) These restaurant charges were on the day of a golf outing. (See Examination Result and Comment titled "Golf Outing.")

Eric A. Scudder, former Executive Director, stated in an interview on November 10, 2011, that the above restaurant charges were related to meetings with vendors or other parties that have a business relationship with the Commission.

Mary Turner, President of the Board, and Brett S. Stowell, Board member, in a written statement, stated that it was not the Board's policy or practice to pay restaurant charges for an employee when an employee is not in travel status.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Ordinance 2007-1 adopted and passed by the Commission on April 18, 2007, concerning the use of the credit card states in part:

"Section 1: Authorization to obtain credit card: The Executive Director is hereby authorized to obtain a credit card in the name of the Ohio County Convention, Tourism and Visitor's Commission for the customary purchase of supplies and reservations and travel expenses for the Ohio County CTV. . . .

Section3: Responsibility for Card: The Executive Director shall be responsible for and maintain control over the credit card and all invoices, receipts and documentation supporting all charges.

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

Section 4: Verification of Charges. The Executive Director shall verify each charge appearing on the monthly statement with invoices, receipts and documentation prior to payment.

Sections 5: Private use of card is prohibited. No credit card issued in the name of the Ohio County CTV can be used for any private purchases. . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

On December 15, 2011, we requested Eric A. Scudder, former Executive Director, to refund \$267.54 to the Commission. (See Summary, page 25)

PERSONAL EXPENSES

Eric A. Scudder, former Executive Director, used the Commission's credit card or was reimbursed by the Commission for the purchase of the following items not associated with Commission business for the period January 1, 2011 to August 31, 2011. The following is a schedule of items purchased:

Date	Description	Amount	Notes
05-10-11	Credit monitoring	\$ 1.00	(1)
05-17-11	Credit monitoring	29.95	(1)
06-03-11	Golf Balls	25.68	(3)
06-16-11	Credit monitoring	29.95	(1)
06-17-11	Personal cell phone charges	217.14	(2)
07-16-11	Credit monitoring	29.95	(1)
Total		<u>\$ 333.67</u>	

Notes to Schedule:

- (1) Eric A. Scudder, former Executive Director, stated in an interview on November 10, 2011, that the credit monitoring service was used to help the Commission to receive their credit card statements more regularly and to determine if there was any affect on the credit rating of the Commission.

Mary Turner, President of the Commission Board, and Brett S. Stowell, Board member, stated that Commission would not utilize services related to "credit monitoring."

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) The Commission paid Verizon \$491.74 for the cost of Eric A. Scudder's personal cell phone. The Commission agreed to pay for Eric A. Scudder's cell phone line which he used for Commission business. However, only \$274.60 of the payment was for Eric A. Scudder's cell phone line. The remaining charges totaling \$217.14 were for cell phone lines for Eric A. Scudder's wife and son.
- (3) Eric A. Scudder, former Executive Director, was reimbursed from the Commission's petty cash fund. These were purchases in connection with a golf outing held June 3, 2011. (See Examination Result and Comment titled "Golf Outing.")

Ordinance 2007-1 adopted and passed by the Commission on April 18, 2007, concerning the use of the credit card states in part:

"Sections 5: Private use of card is prohibited. No credit card issued in the name of the Ohio County CTV can be used for any private purchases. . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

On December 15, 2011, we requested Eric Scudder, former Executive Director, to refund \$333.67 to the Commission. (See Summary, page 25)

MISSING RUG

Eric A. Scudder, former Executive Director, used the Commission's credit card to purchase a Hampen high pile area rug from IKEA for \$53.11 on July 2, 2011. IKEA's website shows this rug to be six feet and five inches in length and four feet in width. Mary Ann Turner, President of the Board, and Brett S. Stowell, Board member, in a written statement stated that they were unable to locate this rug in the Commission's property.

The claim for the rug was signed as being ordered and received by Eric A. Scudder, former Executive Director.

Eric A. Scudder, former Executive Director, stated in an interview on November 10, 2011, that he had possession of the rug and the rug was still wrapped up from the store. Eric A. Scudder stated he kept the rug because there was going to be work done on the floors at the Commission office and he was going to bring the rug back when the work was finished. Eric A. Scudder stated the rug was in the trunk of his car and he had forgotten about it.

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.

On December 15, 2011, we requested Eric A. Scudder, former Executive Director, to refund \$53.11 to the Commission. (See Summary, page 25)

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

GOLF OUTING

Eric A. Scudder, former Executive Director, used the Commission's credit card to pay \$180 for golf green fees and golf carts for three persons at a local golf course on June 3, 2011. No documentation was presented for examination showing the business purpose of this expense.

Eric A. Scudder, former Executive Director, stated in an interview on November 10, 2011, that he was in charge of the marketing of the Commission and hired Adam Ritz to do a video diary of the sites and businesses in the City of Rising Sun. Eric A. Scudder stated that there was no written contract (See Examination Result and Comment titled "No Contract for Video Service"), but Adam Ritz and he had discussed the idea and concepts of the video diary in which a story would be told by Adam Ritz as he wondered and explored the sites of the City of Rising Sun that included the local golf course. Eric A. Scudder stated that the owner of the golf course would not let them shoot any video on the course unless they played golf. Eric A. Scudder stated the three persons playing golf were himself, Adam Ritz, and a local music store owner. Eric A. Scudder stated that the local music store owner was their "local" person to act as an ordinary person playing golf. Eric A. Scudder also stated that meals were purchased before and after the shooting of the video and that Adam Ritz shot video at the restaurants.

Mary Turner, President of the Board, and Brett S. Stowell, Board member, stated the video was to be used on the Commission's website. The video was received by the Commission, but was never used on the website.

The Board members stated that it is not the Board's policy or practice to pay for employee golf outings.

Ordinance 2007-1 adopted and passed by the Commission on April 18, 2007, concerning the use of the credit card states in part:

"Section 1: Authorization to obtain credit card: The Executive Director is hereby authorized to obtain a credit card in the name of the Ohio County Convention, Tourism and Visitor's Commission for the customary purchase of supplies and reservations and travel expenses for the Ohio County CTV. . . .

Section3: Responsibility for Card: The Executive Director shall be responsible for and maintain control over the credit card and all invoices, receipts and documentation supporting all charges.

Section 4: Verification of Charges. The Executive Director shall verify each charge appearing on the monthly statement with invoices, receipts and documentation prior to payment.

Sections 5: Private use of card is prohibited. No credit card issued in the name of the Ohio County CTV can be used for any private purchases. . . ."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

On December 15, 2011, we requested Eric A. Scudder, former Executive Director, to refund \$180.00 to the Commission. (See Summary, page 25)

EMPLOYEE HEALTH INSURANCE NOT WITHHELD

The Commission remitted the employee's share of health insurance on behalf of Eric A. Scudder, former Executive Director, for the period April 1, 2011 to July 31, 2011, instead of having the insurance withheld and then remitted. The amount remitted for the period was \$952.44. The proper payroll withholdings from Eric A. Scudder's pay did not begin until August 2, 2011. The Board approved an additional payroll withholding of \$100 from Eric A. Scudder's pay to repay the Commission for amounts not withheld during the period. No explanation was provided for the delay in payroll withholdings. On September 27, 2011, Eric A. Scudder's employment was terminated and on that date he received his final pay. As a result, only \$500 of additional withholdings was withheld from Eric Scudder's pay leaving a balance outstanding of \$452.44.

Eric A. Scudder, former Executive Director, in an interview on November 10, 2011, stated it was the Commission Board's responsibility to contact the Commission's contractual accountant to start the withholdings.

Mary Turner, President of the Commission, and Brett S. Stowell, Board member, in a written statement, stated that Eric A. Scudder was responsible for contacting the Commission's contractual accountant at the time the Commission began providing him (Eric A. Scudder) health insurance coverage to start withholding the employee's share of the health insurance premium.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

On December 15, 2011, we requested Eric A. Scudder, former Executive Director, to refund \$452.44 to the Commission. (See Summary, page 25)

PAYROLL PROCEDURES

A review of payroll showed the following:

1. General Form 99 (Payroll Schedule and Voucher) was not used to process payroll payments. This form requires certification of the department head in regards to time worked by employees; vacation, sick and personal time used; and compensatory time earned and used during the payroll period.

General Form 99A (Employee Service Record) was not maintained for salaried employees. This record is used to monitor compliance with paid time off policies by recording all leave earned and used during the year and shows running leave balance for each type of leave authorized.

We noted Eric A. Scudder, former Executive Director, used sick leave prior to it being earned. Payroll records show that sufficient leave was subsequently earned to eliminate the negative sick leave balances.

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 Special Districts, Chapter 10)

2. No salary and wage schedule was presented for examination for the years 2010 and 2011. The following payroll payments were made without being authorized through an approved salary schedule or employee contract:
 - a. Employees received a 2 percent increase in compensation for the year 2010.
 - b. Christmas bonuses totaling \$525 were paid for all employees. The Commission's approval was documented on the Accounts Payable Voucher Register covering the period December 22, 2010 to January 19, 2011.
 - c. Sherry L. Timms, former Executive Director, was paid for 80 hours accrued sick leave in the amount of \$1,960. The Commission's approval was documented on the Accounts Payable Voucher Register dated January 19, 2011.

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 Special Districts, Chapter 10)

SUSPENSION WITH PAY

Eric A. Scudder, former Executive Director, was suspended with pay on August 31, 2011. No ordinance, resolution, or administrative rule authorizing "suspension with pay" was presented for examination. The Commission did present for examination a written opinion of their attorney stating that the suspension without pay was not a violation of Indiana Code 35-44-2-4 (Ghost Employment). Eric A. Scudder, former Executive Director, was terminated on September 27, 2011.

Indiana Code 6-9-18-6(a) states in part: "The commission may . . . make rules necessary for the conduct of its business and the accomplishment of its purposes . . ."

Suspension with pay must be supported by the written opinion of the attorney for the governmental unit stating that the suspension is in accordance with all federal laws and regulations, and state laws, including IC 35-44-2-4, and a properly enacted Home Rule ordinance or resolution, as applicable. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

NO CONTRACT FOR VIDEO SERVICE

The Commission paid Adam Ritz \$1,000 to shoot video at various sites in and around the City of Rising Sun. No written contract was presented for examination.

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 Special Districts, Chapter 10)

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

PERSONAL USE OF COMMISSION'S EQUIPMENT

The Commission provided Eric A. Scudder, former Executive Director, a laptop computer. Information was presented for our examination that the computer contained files related to Eric A. Scudder's personal business and other personal files.

The Commission did not present for examination a policy or a signed user agreement restricting use of the computer to Commission business.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

INSURANCE POLICIES

The Commission has the following insurance policy covering all employees:

Policy Number CCP 005141911: Term: 7-18-10 to 7-18-11

Policy Number CCP 005141912: Term: 7-18-11 to 7-18-12

Surety: Fidelity and Deposit Company of Maryland

Amount of Coverage: \$10,000 per employee

Type of Coverage: Crime coverage with endorsement for faithful performance of duty coverage

ACCOUNTING OF PROCEEDS FROM SALE OF RAFFLE TICKETS

Eric A. Scudder, former Executive Director, conducted a raffle to raise funds to be donated to not-for-profit educational organizations. Raffle tickets were sold during the period June 3, 2011 to July 17, 2011. The raffle was suspended due to a conflict in obtaining a permit for the raffle from the Indiana Gaming Commission and all monies collected were refunded. The following items were noted regarding the accounting of raffle collections:

1. Proceeds from the sale of raffle tickets were not deposited.

The Commission minutes, dated July 28, 2011, show that a motion was made and approved requiring the immediate deposit of raffle ticket cash being held in the Commission office.

Bank statements did not show a deposit being made.

Indiana Code 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. . . ."

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. Proceeds from the sale of raffle tickets were not recorded on the Commission's accounting records.

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 Special District, Chapter 10)

3. Eric A. Scudder, former Executive Director, refunded collections from the sale of raffle tickets to the individual patrons who had purchased tickets. The refunds were made through the purchase of individual postal money orders rather than by check. As a result, this financial activity was not recorded on the accounting records.

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Examination of Tickets

Based on a review of sold tickets, unsold tickets in inventory, and copies of postal money orders used to make refunds, an accounting for the sale of raffle tickets could be determined.

PERSONNEL REPORT NOT FILED

Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) due January 31, 2011, was not filed in the office of the State Examiner.

Indiana Code 5-11-13-1(a) states:

"Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year."

Indiana Code 5-11-13-3 states:

"A person who violates section 1 of this chapter commits a Class C infraction. If violated by an elected state officer, the officer is liable to impeachment, and if violated by any other person, the person is subject to removal for neglect of duty under the procedures described in IC 34-17."

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

ADVERTISING MAILERS

There were four advertising mailers sent out to residents of Ohio County during the period January 1, 2011 to October 31, 2011. The mailers (6 inch by 11 inch postcards) included advertising for three private local businesses and advertising for local festivals sponsored by the Commission. The private businesses advertising on the mailers were Bretzel Company, Bretzel Maintenance Company, and Snappy Tomato Pizza. Brett S. Stowell, Commission Board member, is the owner of Bretzel Company and Bretzel Maintenance Company. (Uniform Conflict of Interest Disclosure Statements were filed by Brett S. Stowell.)

Brett S. Stowell, stated that Eric A. Scudder, former Executive Director and owner of Snappy Tomato Pizza, and himself (Brett S. Stowell), as owner of Bretzel Company, entered into a verbal agreement that provided for: Snappy Tomato Pizza to pay the cost of the mailing; Bretzel Company (a company that provides printing services) to print the mailers; and the Commission to allow use of its United States Postal Service bulk mailing permit number to perform saturation mailings in Ohio County and adjoining counties in return for receiving an advertising block on the mailer. No additional costs were incurred by the Commission because the Commission uses the permit for other Commission mailings. The annual permit fee costs the Commission \$190.

No purchasing policy was presented for examination that identified purchasing agent(s) who are authorized to act on behalf of Commission and the procedures to be followed for purchased services.

Indiana Code 5-22-6-1 states: "The purchasing agency of a governmental body may purchase services using any procedure the governmental body or the purchasing agency of the governmental body considers appropriate."

Indiana Code 5-22-6-2 states the following:

- "(a) A governmental body may adopt rules governing the purchase of services for the governmental body.
- (b) The purchasing agency of a governmental body may establish policies regarding the purchase of services for the governmental body."

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. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2011, with Eric A. Scudder, former Executive Director. Eric A. Scudder stated he planned to file an Official Response to this report by January 6, 2012; however, no Official Response was presented for examination.

The contents of this report were discussed on December 19, 2011, with Mary Turner, President of the Board; Mona D. Cook, Treasurer; and Brett S. Stowell, Executive Director. The Official Response has been made a part of this report and may be found on pages 23 and 24.



RISING SUN

Rising Sun • Ohio County Tourism

120 Main Street P.O. Box 112 Rising Sun, IN 47040

brighten your horizon.

January 4, 2012

Todd Austin
Supervisor, Hospitals, Utilities and Special Districts
302 W. Washington Street
Room E418
Indianapolis, IN 46204

Re: Audit of the Ohio County Convention, Tourism and Visitor's Commission

Dear Mr. Austin:

This letter is being submitted on behalf of the Ohio County Convention, Tourism and Visitors' Commission ("Commission" or "Tourism"). As you are aware, Rick Ahlrich with the State Board of Accounts conducted an audit on the Commission. Since Tourism's last audit for the period January 1, 2007 to December 31, 2009 did not contain any comments, the Commission wanted to take the opportunity to provide additional background information for consideration by the State Board of Accounts.

The audit most recently conducted was performed at the behest of the Commission earlier than the normal audit cycle dictates. On or about the 20th of July, 2011, Commission Board President Mary Turner and Board Member Brett Stowell discovered that Eric Scudder, who served as Executive Director at that time, was conducting an illegal charity raffle in partnership with Amy Hoffman, Executive Director of the City of Rising Sun Historic Downtown Program. Upon further internal investigation, a number of other accounting irregularities surfaced, including Mr. Scudder's personal use of the Commission's credit card while on vacation, which prompted Ms. Turner and Mr. Stowell to contact Tammy White, Supervisor, Counties, on July 22nd to seek advice.

Ms. Turner, Mr. Stowell, and Mona Cook, Treasurer, interviewed Mr. Scudder on the following Monday, July 25th, and the entire Board met in Executive Session to discuss the findings the following day. In the Special Session following that meeting the Board seized the credit card in possession of Mr. Scudder, required claims for reimbursement to be submitted to the entire board for review, and took other necessary steps to safeguard public funds. We contacted Mr. Ahlrich's supervisor, Ron Robinson, several times over the following weeks to update him on our internal findings and to receive updates as to when the official audit would begin.

Although the audit report reflects several lapses in oversight by the Board, it is important to note that the activities in question took place during a period of less than seven months and that once the Board became aware of the issues, we acted immediately to safeguard public funds and

reported our findings to your agency for review. The fact that our past several audits have not found any misappropriated funds is indicative of the integrity of the Commission. We are currently developing an internal audit process to prevent such oversights from taking place in the future.

If you have any questions or need additional information please let me know. Thank you for your consideration in this matter.

For the Board,

A handwritten signature in cursive script that reads "Brett S. Stowell". The signature is written in black ink and is positioned to the left of the typed name.

Brett S. Stowell
Board Member

OHIO COUNTY CONVENTION, TOURISM, AND VISITOR'S COMMISSION
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Eric A. Scudder, former Executive Director:			
Purchases Made at Gas Stations, pages 11 and 12	\$ 347.56	\$ -	\$ 347.56
Restaurant Charges, page 12 through 14	267.54	-	267.54
Personal Expenses, page 14 and 15	333.67	-	333.67
Missing Rug, page 15	53.11	-	53.11
Golf Outing, page 16 and 17	180.00	-	180.00
Employee Health Insurance Not Withheld, page 17	<u>452.44</u>	-	<u>452.44</u>
Totals	<u>\$ 1,634.32</u>	<u>\$ -</u>	<u>\$ 1,634.32</u>

AFFIDAVIT

STATE OF INDIANA)
Jefferson COUNTY)

We, Richard N. Ahlrich and Ron Robertson, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Ohio County Convention, Tourism, and Visitor's Commission, Ohio County, Indiana, for the period from January 1, 2010 to December 31, 2010, is true and correct to the best of our knowledge and belief.

Richard N Ahlrich

Ron Robertson
Field Examiners

Subscribed and sworn to before me this 8th day of March, 2012.

Karen Morris
Clerk of the Circuit Court