

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

AUDIT REPORT

OF

DEPARTMENT OF AVIATION

CLARK COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
03/23/2012

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---------------------------------------------|-------------|
| County Officials | 2 |
| Transmittal Letter | 3 |
| Audit Results and Comments: | |
| Payments to a Vendor Without Contract | 4 |
| Payments to Melodee McNames..... | 5 |
| Report of Collections | 5 |
| Exit Conference..... | 6 |

COUNTY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|
| Manager | Melodee McNames | 01-01-10 to 12-31-12 |
| President of the Board of Aviation Commissioners | Ron Barnes | 01-01-10 to 12-31-12 |
| President of the County Council | Jack Coffman Kevin Vissing Barbara Hollis | 01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12 |
| President of the Board of County Commissioners | M. Edward Meyer Les Young | 01-01-10 to 12-31-11 01-01-12 to 12-31-12 |



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 Department of Aviation 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 Clark County for the year 2010.

STATE BOARD OF ACCOUNTS

December 13, 2011

DEPARTMENT OF AVIATION
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

PAYMENTS TO A VENDOR WITHOUT CONTRACT

Payments totaling \$20,222 were made to a vendor during the year 2010. The amount paid also included reimbursement of expenses. Invoices presented for audit stated the payments were for management services; however, no contracts were presented for audit identifying the services to be performed and the amount of compensation to be paid.

Melodee McNames, contractual Airport Manager, stated that the payments were based on prior contracts between the Board of Aviation and the vendor. However, those contracts had expired and no documentation was presented for audit that the Board of Aviation had approved an extension of those contracts.

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, such as contracts, 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)

We recommended that the Board of Aviation, retroactively, approve a contract with the vendor for period January 1, 2010 to December 31, 2010. We will review the status of our recommendation on the next audit to determine if the payments to the vendor should be considered questioned costs.

"Questioned Costs" is based upon a definition by the United States Office of Inspector General (OIG) as follows:

"5 USC APPENDIX - INSPECTOR GENERAL ACT OF 1978 Sec. 5 01/24/94 (f) As used in this section - (1) the term 'questioned cost' means a cost that is questioned by the Office because of - (A) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (B) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (C) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable; . . ."

DEPARTMENT OF AVIATION
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PAYMENTS TO MELODEE MCNAMES

Payments were made to Melodee McNames, contractual Airport Manager, totaling \$24,575 during the year 2010. The invoices showed that the payments were for assistant management services for the year 2009 related to grant work. No contract was presented for audit identifying the services to be performed and the amount of compensation to be paid. The invoices showed the total hours worked, but did itemize the hours by time period and dates.

We recommended that the Board of Aviation, retroactively, approve a contract with Melodee McNames for the year 2009. We will review the status of our recommendation on the next audit to determine if the payments to Melodee McNames should be considered questioned costs.

"Questioned Costs" is based upon a definition by the United States Office of Inspector General (OIG) as follows:

"5 USC APPENDIX - INSPECTOR GENERAL ACT OF 1978 Sec. 5 01/24/94 (f) As used in this section - (1) the term 'questioned cost' means a cost that is questioned by the Office because of - (A) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (B) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (C) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable; . . . "

REPORT OF COLLECTIONS

Reports of Collections (Form 362) were not filled out correctly. Columns for prior collections and year to date collections were not completed. The Report of Collections did not have a reference to the receipt numbers that are to be issued to account for monies received by the Department.

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 Counties of Indiana, Chapter 1)

DEPARTMENT OF AVIATION
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2011, with Barbara Hollis, President of the County Council.

The contents of this report were discussed on December 15, 2011, with Melodee McNames, Manager; and Jack Vissing, Airport Attorney.

The contents of this report were discussed on December 19, 2011, with M. Edward Meyer, former President of the Board of County Commissioners.