

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

AUDIT REPORT

OF

CITY OF SCOTTSBURG - WASTEWATER UTILITY

SCOTT COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
10/15/2012

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janetta C. Hardy	01-01-08 to 12-31-15
Mayor	William H. Graham	01-01-08 to 12-31-15
President of the Board of Public Works and Safety	William H. Graham	01-01-08 to 12-31-15
President of the Common Council	Ray Zollman Terry Amick	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Wastewater Utility	Jason Combs	01-01-11 to 12-31-12
Utility Office Manager	Janetta C. Hardy Tonja Caudill	01-01-11 to 12-31-11 01-01-12 to 12-31-12



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TO: THE OFFICIALS OF THE CITY OF SCOTTSBURG

We have audited the records of the Wastewater Utility for the period from January 1, 2011 to December 31, 2011, 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 the City of Scottsburg for the year 2011.

STATE BOARD OF ACCOUNTS

September 12, 2012

CITY OF SCOTTSBURG - WASTEWATER UTILITY
AUDIT RESULT AND COMMENT

OVERTIME COMPENSATION (Applies to Wastewater Utility)

The employees of the Wastewater Utility are required to take samples or "checks" at the treatment plant four times a day in an eight hour period seven days a week and provide the results of the testing of these samples to the state. To accomplish this task employees are required to work nonroutine hours on weekends as authorized by the Utility Supervisor.

In regards to call-out work hours, the City's Personnel Policy Handbook adopted on February 20, 2001, by the Common Council contains the following in Section 3.10.2 (Call-Out Time):

"Employees will be compensated a minimum of two (2) hours when called out to return to work, and on an hour for hour basis for all hours worked beyond the two (2) hours."

The City's Personnel Policy Handbook does not address payments for samples or "checks" and whether or not each sample would be considered "Call-Out Time."

Time clocks were in use for all hourly employees and programmed to adhere to this policy of the City. If, during nonroutine work hours, an employee clocked in, clocked out then clocked in again, the time clock would automatically record two hours overtime for each clock in.

A review of the time sheets for the Wastewater Utility employees for 2011 showed all three employees received overtime compensation each week and were clocking in and out to record their time worked. A closer review of the timesheets for one of the employees, however, showed multiple clock ins and outs within a consecutive period of time for work performed on the weekend. This was inconsistent with the other two employees' timesheets which did not show this pattern. Calculations of the time worked using the clock in and out times on the timesheets for this employee showed that he worked two hours or less of overtime in total on the weekend but received four hours of overtime compensation. Examples of clock in's, clock out's, actual time worked, hours paid and overages based on the unit's policy are as follows:

Date of Call Out	Clock In Time	Clock Out Time	Clock In Time	Clock Out Time	Actual Work Time	Hours Paid	Overage
01-17-11	5:59	7:54	8:00	8:28	2.50	4.00	1.50
03-27-11	6:28	8:26	8:31	9:06	2.50	4.00	1.50
04-10-11	6:30	8:27	8:31	8:56	2.50	4.00	1.50
05-03-11	5:58	7:59	8:00	8:52	2.25	4.00	1.75
06-19-11	6:52	8:50	8:54	8:55	2.00	4.00	2.00

An interview was conducted on July 12, 2012, with the Jason Combs, Wastewater Utility Supervisor, and Jarin Gladstein, Wastewater Utility employee, concerning the inconsistencies in the actual overtime hours recorded on the timesheets and the overtime hours paid to the employee. Both employees acknowledged that it has been the practice over their employment that they get paid by the sample or "check" taken at the plant and believed the implementation of the time clock hindered their particular situation. They explained the samples or "checks" have to be taken apart from each other and the employee would just clock in and out two separate times to represent the samples or "checks" taken. They explained the time recorded on the timesheets would not be consistent with when the employee actually took the samples or "checks" as the employee may leave the plant after the first sample only to return and take the second sample.

William Graham, Mayor, on August 21, 2012, confirmed that it was his understanding that Wastewater employees were to receive the two hour compensation for each sample or "check" performed on nonroutine work days (weekends). He did not agree with the method used to record the overtime compensation but stated the problem was caused by the time clock and not the employee.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF SCOTTSBURG - WASTEWATER UTILITY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2012 with William H. Graham, Mayor; Janetta C. Hardy, Clerk-Treasurer; and Terry Amick, President of the Common Council. The officials concurred with our audit findings.