

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARK COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
02/18/2016

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Schedule of Officials | 3 |
| Transmittal Letter | 4 |
| Clerk of the Circuit Court: | |
| Federal Findings: | |
| Finding 2013-003 - Internal Controls Over Financial Transactions and Reporting Clerk of the Circuit Court | 6 |
| Finding 2013-006 - Internal Controls Over Reporting..... | 6-7 |
| Finding 2013-007 - Internal Controls and Noncompliance Over Child Support Enforcement | 7-9 |
| Corrective Action Plan | 10-11 |
| Exit Conference | 12 |
| County Prosecuting Attorney: | |
| Federal Findings: | |
| Finding 2013-006 - Internal Controls Over Reporting..... | 14 |
| Finding 2013-007 - Internal Controls and Noncompliance Over Child Support Enforcement | 15-17 |
| Corrective Action Plan | 18 |
| Exit Conference | 19 |
| County Sheriff: | |
| Federal Findings: | |
| Finding 2013-002 - Internal Controls Over Financial Transactions and Reporting for the County Sheriff's Department | 22-23 |
| Finding 2013-008 - Internal Controls and Noncompliance Over Compliance Requirements That Have a Direct and Material Effect to the Port Security Grant Program | 23-25 |
| Corrective Action Plan | 26 |
| Audit Results and Comments: | |
| Inmate Trust Funds | 27 |
| Official Bonds | 27-28 |
| Exit Conference | 29 |
| County Board of Aviation: | |
| Federal Findings: | |
| Finding 2013-009 - Reporting | 32-33 |
| Finding 2013-010 - Internal Controls Over Davis-Bacon Act and Allowable Costs Requirements..... | 33-34 |
| Corrective Action Plan | 35-36 |
| Exit Conference | 37 |
| County Auditor: | |
| Federal Finding: | |
| Finding 2013-001 - Preparation of the Schedule of Expenditures of Federal Awards | 40 |
| Corrective Action Plan | 41-42 |
| Audit Results and Comments: | |
| Penalties, Interest, and Other Charges..... | 43 |
| Compensation and Benefits | 43-44 |
| Overdrawn Cash Balances | 44 |
| Official Response..... | 45 |
| Exit Conference | 46 |

TABLE OF CONTENTS
(Continued)

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Board of County Commissioners: | |
| Federal Findings: | |
| Finding 2013-001 - Preparation of the Schedule of Expenditures of Federal Awards | 48 |
| Finding 2013-004 - Internal Controls Over Landfill Fees | 48-49 |
| Finding 2013-005 - Internal Controls Over Invoice Payments | 49 |
| Corrective Action Plan | 50-51 |
| Audit Results and Comments: | |
| Cumulative Capital Development Fund Expenditures | 52 |
| Health Insurance Benefits for Retirees | 53 |
| Medicare Supplemental Insurance for Retirees..... | 53 |
| Insurance for Sheriff Department Retiree Spouses | 53-54 |
| Funding Source of Health Insurance Cost of Sheriff's Department | 54 |
| Tax List Fee | 54-55 |
| Tax Sale Fee | 55-56 |
| Official Response..... | 57-59 |
| Exit Conference | 60 |
| County Community Corrections: | |
| Audit Result and Comment: | |
| Compensation and Benefits | 62-63 |
| Official Response..... | 64 |
| Exit Conference | 65 |
| County Probation Department: | |
| Audit Result and Comment: | |
| Internal Controls Probation Department Receipts | 68 |
| Exit Conference | 69 |
| Circuit Court #4 Judge: | |
| Audit Result and Comment: | |
| Mandate of Funds | 72-73 |
| Exit Conference | 74 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--|--|
| County Auditor | R. Monty Snelling | 01-01-11 to 12-31-18 |
| County Treasurer | David Reinhardt | 01-01-11 to 12-31-18 |
| Clerk of the Circuit Court | Barbara Haas Susan Popp | 01-01-11 to 12-31-14 01-01-15 to 12-31-18 |
| County Sheriff | Daniel Rodden John Kahafer (Interim) Brian Meyer Jamey Noel | 01-01-11 to 07-23-14 07-24-14 to 08-25-14 08-26-14 to 12-31-14 01-01-15 to 12-31-18 |
| County Recorder | Richard P. Jones Jane White Zach Payne | 01-01-11 to 08-31-14 09-01-14 to 12-31-14 01-01-15 to 12-31-18 |
| President of the Board of County Commissioners | Jack Coffman | 01-01-13 to 12-31-15 |
| President of the County Council | Barbara Hollis | 01-01-13 to 12-31-15 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLARK COUNTY, INDIANA

This report is supplemental to our audit report of Clark County (County), for the period from January 1, 2013 to December 31, 2013. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

May 7, 2015

CLERK OF THE CIRCUIT COURT
CLARK COUNTY

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
FEDERAL FINDINGS

***FINDING 2013-003 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING CLERK OF THE CIRCUIT COURT***

Deficiencies were noted in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting. Lack of segregation of duties existed without sufficient compensating controls in place to mitigate the risk.

The Clerk of the Circuit Court has not separated incompatible activities related to receipts, disbursements, and cash and investments. One individual is responsible for performing the reconciliation of the depository account balance with the record balance; reconciliation of the trust subsidiary record with the control record; preparing and making bank deposits; reconciling daily cash collections; recording receipt and disbursements transactions in the ledger; recording adjustments in the ledger; issuing checks; and preparing the supplemental annual financial report. The failure to establish controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risk of errors in financial reporting.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance material financial errors will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over financial activity. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity. Incompatible duties should be identified and personnel assigned duties to provide for the proper segregation of duties to mitigate risk of material misstatements and irregularities.

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 Clerks of the Circuit Court of Indiana, Chapter 13)

FINDING 2013-006 - INTERNAL CONTROLS OVER REPORTING

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): 134IN4005; 502IVD4005ADF13;
502IVD66CNTYF13;
502IVDINCENIF12

Pass-Through Entity: Indiana Department of Child Services

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Management of the County has not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

Controls were not adequate to ensure that the quarterly incentive expenditure reports filed by the Clerk of the Circuit Court and County Prosecuting Attorney agreed with the amounts shown on the County's financial records and that all required reports were filed. Many of the quarterly incentive expenditure reports had immaterial differences between the amounts reported and the expenditures recorded on the County's records. The Clerk of the Circuit Court did not file an incentive expenditure report for the third quarter. Expenditures for the third quarter were included as prior quarter adjustments on the report for the fourth quarter.

The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

An internal control system should be designed and operate effectively to provide reasonable assurance that noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish and implement internal controls could enable noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls related to the grant agreement and compliance requirements pertaining to the quarterly incentive reports.

***FINDING 2013-007 - INTERNAL CONTROLS AND NONCOMPLIANCE
OVER CHILD SUPPORT ENFORCEMENT***

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): 134IN4005; 502IVD4005ADF13;
502IVD66CNTYF13;
502IVDINCENTIF12

Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements that apply to Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

County Prosecuting Attorney

The individuals preparing and approving the monthly claims for reimbursement did not properly verify that the costs reported were for allowable activities under the program, were properly allocated under allowable cost principles, and were in agreement with the financial records of the County. Proper procedures were not taken to insure that payroll claims were prepared in accordance with the time records for employees performing IV-D child support enforcement duties. Insurance was not properly allocated based on the proportion of time worked for the program. Payroll was sometimes paid from a different fund and account from what was indicated on the approved payroll claims.

The County Prosecuting Attorney is required to submit a reimbursement request each month titled Monthly Expense Claim for Title IV-D, State Form 54529. All of the claims for reimbursement reviewed during the audit period contained errors. The following errors were found:

1. Monthly time records are maintained for each employee performing IV-D child support enforcement duties in the County Prosecuting Attorney's office; however, the payroll claims submitted were not always prepared in accordance with the time records. In most cases the employees are paid from the fund indicated on the payroll claim, but we noted one employee was paid from a different fund than the payroll claim indicated from July to December 2013.
2. The County Prosecuting Attorney generally uses the expenditures shown in the County Auditor's Funds Ledger for the IV-D Prosecutor budget in the General fund to prepare the monthly claims for reimbursement. Some of these reimbursements were not supported by the financial records.
3. The cost of insurance was not properly allocated for employees working part of their time for the IV-D program.

The deficiencies noted above resulted in \$26,736 of IV-D expenses not being properly included on the Monthly Expense Claims for reimbursement during 2013. Of that amount, \$23,510 was subsequently claimed as a prior period adjustment on the June 2014 Monthly Expense Claim, but only after receiving communication from the Child Support Bureau that errors had been identified. In addition, the issues noted above resulted in \$8,607 being included as IV-D expenses on Monthly Expense Claims during 2013 that did not pertain to the IV-D program.

Clerk of the Circuit Court

The record of monthly time charged to the IV-D program was not signed by the employees and amounts claimed for employee insurance were not always based on the amounts shown on County's records resulting in the under claiming of expenses. We tested expenses supporting the claim submitted for November and noted some errors resulting in expenses being under claimed.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

45 CFR, Subpart C, 92.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and grant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant aware documents, etc. . . ."

The failure to establish and implement internal controls enabled noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the County.

We recommended that the County establish and implement internal controls and procedures to ensure that County Prosecuting Attorney and Clerk of the Circuit Court prepare and submit accurate, complete, and timely reports in accordance with federal guidelines; and include only properly allocated costs for allowable activities on the requests for reimbursement in accordance with compliance requirements governing Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.



SUSAN POPP

Clark County Government Building
501 E. Court Avenue, Room 137
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Clerk of Courts

812.285.6244 Phone
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May 28, 2015

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: 2013 Official Response to Audit Findings

Please accept this letter as the Clerk of the Circuit Court's official response to the audit findings noted in the 2013 audit report for Clark County.

Finding 2013-003, Internal Controls over Financial Transactions and Reporting Clerk of the Circuit Court

Contact Person: Susan Popp
Title: Clerk of the Circuit Court
Phone Number: 812-285-6244

The Clerk's office has reviewed the duties of office personnel responsible for financial transactions in order to identify areas in which stronger controls are needed. Changes will be implemented to ensure that a separate employee is responsible for all bank reconciliations. These reconciliations are then reviewed by the Clerk to ensure accuracy. In addition, stronger controls are being implemented whereby the Clerk will review all deposits with source documentation for greater oversight purposes. There are currently automatic controls in place in many areas of the financial transactions since receipts reported and signed by one employee are verified by another employee prior to depositing.

Finding 2013-006, Internal Controls Over Reporting

Contact Person: Susan Popp
Title: Clerk of the Circuit Court
Phone Number: 812-285-6244

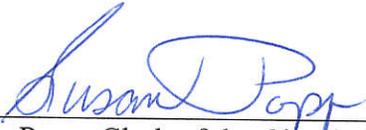
The Clerk's office has reviewed the underlying reason for this reporting issue. Since information is needed from the Auditor's office prior to being able to prepare the report, a written request will be made to the Auditor to ensure information needed to comply with the reporting requirement is received by the first day of the following month.

Finding 2013-007, Internal Controls and Noncompliance over Child Support Enforcement

Contact Person: Susan Popp
Title: Clerk of the Circuit Court
Phone Number: 812-285-6244

The Clerk's office is currently requiring signatures from employees for monthly time charged to the IV-D program. In addition, the office will inform employees working on the IV-D program to notify personnel responsible for managing the grant accounting of any changes to their insurance to ensure proper reimbursement to the County.

Respectfully submitted,



Susan Popp, Clerk of the Circuit Court

Date: _____

May 28, 2015

Cc: File

CLERK OF THE CIRCUIT COURT
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2015, with Barbara Haas, former Clerk of the Circuit Court, and Nancy Shepherd, Chief Deputy Clerk. The contents of the report were also discussed on April 22, 2015, with Susan Popp, current Clerk of the Circuit Court, and Nancy Shepherd, Chief Deputy Clerk.

The contents of the report were discussed on October 29, 2015, with Barbara Haas, former Clerk of the Circuit Court, and Nancy Shepherd, Chief Deputy Clerk.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS

FINDING 2013-006 - INTERNAL CONTROLS OVER REPORTING

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): 134IN4005; 502IVD4005ADF13;
502IVD66CNTYF13;
502IVDINCENTIF12

Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

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The failure to establish and implement internal controls could enable noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls related to the grant agreement and compliance requirements pertaining to the quarterly incentive reports.

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

**FINDING 2013-007 - INTERNAL CONTROLS AND NONCOMPLIANCE
OVER CHILD SUPPORT ENFORCEMENT**

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): 134IN4005; 502IVD4005ADF13;
502IVD66CNTYF13;
502IVDINCENTIF12

Pass-Through Entity: Indiana Department of Child Services

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COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

Clerk of the Circuit Court

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- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and grant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant aware documents, etc. . . ."

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

The failure to establish and implement internal controls enabled noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the County.

We recommended that the County establish and implement internal controls and procedures to ensure that County Prosecuting Attorney and Clerk of the Circuit Court prepare and submit accurate, complete, and timely reports in accordance with federal guidelines; and include only properly allocated costs for allowable activities on the requests for reimbursement in accordance with compliance requirements governing Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting.



OFFICE OF THE PROSECUTING ATTORNEY

JEREMY MULL
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CRIMINAL DIVISION
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May 14, 2015

Indiana State Board of Accounts
Victim Services Division
302 W. Washington St, Room E418
Indianapolis, IN 46204-2765

CLARK COUNTY PROSECUTOR'S OFFICE CORRECTIVE ACTION PLAN

RE: Finding 2013-006 & 2013-007
Contact Person: Jeremy Mull
Contact Phone: 812-285-6264

Description of Corrective Action Plan:

The Clark County Prosecutor will task Child Support Director Sarah Hart and Office Manager Charlotte Kinder with monthly reviewing the insurance cost allocation of any employee(s) who is not working one-hundred percent of the time for IV-D. The cost allocation will be reviewed to ensure that the allocation is correct as to IV-D and non-IV-D funds.

Further, The Clark County Prosecutor will task Child Support Director Sarah Hart with the duty to review the IV-D claims forms prepared by Office Manager Charlotte Kinder to ensure accuracy in the preparation of these claims.

Anticipated Completion Date: May 31, 2015

Signed,

Jeremy Mull
Clark County Prosecuting Attorney
Dated: May 11, 2105

COUNTY PROSECUTING ATTORNEY
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2015, with Steven Stewart, former County Prosecuting Attorney, and Jeremy Mull, current County Prosecuting Attorney.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

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COUNTY SHERIFF
CLARK COUNTY

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING FOR THE COUNTY SHERIFF'S DEPARTMENT***

Several deficiencies in internal controls over financial transactions and reporting were identified in the County Sheriff's Department. As a result of the deficiencies noted, we were unable to express an unmodified opinion regarding the County's financial activity as it relates to the County Sheriff's Department. The following problems were identified with the financial activity associated with the County Sheriff's Department financial transactions:

Multiple problems were identified with the computerized financial system being used by the County Sheriff's Department that restricted the ability to audit the financial transactions.

- a. The records generated by the accounting system were inaccurate and not representative of the financial activity of the Sheriff's Department. Several reports which should have supported the data in other reports did not agree with those other reports. The officials did not reconcile the differences among the reports resulting in errors not being identified and corrected timely.
- b. The financial report being used to reconcile with the depository account balance was not the actual record balance. A bank transaction report of activity identified as processed through the depository account was being used as the reconciling document.
- c. The receipt number shown on the computer generated receipts for cash bonds is a number entered by the user rather than a sequentially generated number to ensure accountability over all receipts issued.
- d. The receipt numbers for the same transaction were often different on the various financial records.
- e. The financial reports presented for audit did not have check numbers.

The failure to establish controls and have an understanding of the operation of the computerized accounting system could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statement may have adverse financial consequences with the possibility of an increase in interest rate costs to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (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.

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

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)

FINDING 2013-008 - INTERNAL CONTROLS AND NONCOMPLIANCE OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO THE PORT SECURITY GRANT PROGRAM

Federal Agency: Department of Homeland Security

Federal Program: Port Security Grant

CFDA Number: 97.056

Federal Award Number and Year (or Other Identifying Number): 2008-GB-T8-K085; 2009-PU-T9-K017

Pass-Through Entity: Larry D. Allen, LLC

The County was awarded Port Security Grants for two separate projects. Both projects were administered by the County Sheriff's Department. Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Equipment and Real Property Management; Matching; Period of Availability; Procurement and Suspension and Debarment; and Special Tests and Provisions.

Grant records related to Port Security Grant Program were not properly maintained to allow testing for compliance with Activities Allowed or Unallowed; Allowable Costs/Costs Principles; Cash Management; Equipment and Real Property Management; Matching; Period of Availability; Procurement and Suspension and Debarment; and Special Tests and Provisions.

The following deficiencies were noted:

1. Financial records were not properly maintained and were either incomplete or inaccurate. The following problems were identified with the financial activity associated with the grant:
 - a. The County's main financial records maintained by the County Auditor did not separately identify financial activity associated with each grant project for grant projects administered by the County Sheriff's Department as required by the Special Test and Provisions compliance requirement.
 - b. The County Sheriff's Department Grant Administrator attempted to maintain a subsidiary grant project ledger for each project; however, the records were incomplete. The project ledgers did not show all financial activity since the inception of the grant and the information was incomplete in that it only showed the receipt activity related to the grant projects and did not identify the actual disbursements made associated with each grant project.
 - c. The subsidiary grant project ledgers maintained by the County Sheriff's Department were not reconciled with the grant fund in the County's main financial records maintained by the County Auditor. The County Auditor's financial records reported a balance of \$10,491.88 at December 31, 2013, in the County Sheriff's Department Port Security grant fund; however, the County Sheriff's Department Grant Administrator stated both grants were completed as of December 31, 2013.

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

- d. Sufficient information was not available to support grant funds requested and received by the County. Request for grant funds made by the County Sheriff's Department Grant Administrator to the pass-through entity were based on copies of quotes, proposals, estimates, and invoices. Records were not always presented that identified the actual disbursements made to support the individual grant funds requested and received. Without supporting documentation, compliance with Activities Allowed or Unallowed, Allowable Costs/Costs Principles, Cash Management, and Period of Availability could not be determined.
2. Property records were not presented for audit to identify equipment purchases made with the grant funds. Failure to properly maintain property records weakens the County's ability to safeguard grant assets and the County's ability to comply with the Equipment and Real Property Management requirements of the grant program.
 3. Records were not presented for audit to verify that the County complied with the Matching requirements of the grants. Subsidiary records maintained by the County Sheriff's Department included some amounts that were classified as matching; however, supporting documentation to verify the sources and amounts were not presented for audit.
 4. Information was not presented for audit to document Procurement procedures related to expenditures made from grant funds to determine compliance with Procurement and Suspension and Debarment requirements.

The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operated effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, review, and approval take place and to have a segregation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

44 CFR 13.20(b) states in part:

"The financial management system of other grantees and subgrantees must meet the following standards:

COUNTY SHERIFF
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- (4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and terms of grant and subgrant agreements will be followed in determining reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.
- (7) *Cash management.* Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees . . ."

The failure to establish internal controls and an adequate financial management system has enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

We also recommended that the County's management establish a financial management system whereby accounting records adequately identify the source and application of funds provided for financially-assisted activities.

Clark County Sheriff's Office

Jamey Noel
Sheriff

(812) 283-4471

Clark County
Government Building
501 East Court Avenue, Ste. 159
Jeffersonville, Indiana 47130

Corrective Action Plan for the Clark County Sheriff's Office 2013 Audit

Contact : Diane Shahroudi / Bookkeeper
812-283-4471 ext. 3134

FINDING 2013-002

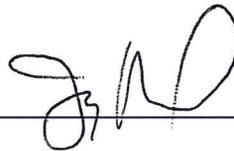
The SBOA Audit Report, as given to the Clark County Sheriff has several items that have been brought to the attention of the Sheriff and his staff. The Sheriff's Office implemented a new accounting software in November 2011., Tiger Commissary, LLC .At the time we were told that the program could handle all activity in our department : including all bank accounts. However, the reports that generated in the system had the bank account transactions bleeding together. For example, when an adjustment or journal entry was made, we were unsure which account it would post to. Also, the reports had put all receipts and disbursements for all checking accounts on the same report. After several updates and enhancements to the Tiger program, it has been found that the Tiger accounting system is not sufficient in handling our departmental needs.

In hopes to fix all stated problems, the Sheriff's Office will operate on three separate computer programs to handle our departmental accounts. These programs will generate reports needed for the SBOA to accurately audit our department. This will ensure that the account transactions will remain with the correct account and hopefully give the SBOA an accurate flow of the funds. We really feel like the separation of accounts will solve most problems.

FINDING 2013-008

The Clark County Sheriff's Office has revamped our internal controls for Grant writing and management of Grants awarded to our department. We have hired a new Grant Coordinator who will work closely with a merited officer, and the bookkeeper, to ensure all funds are deposited in a timely manner, and all funds are used for the purpose of the Grant Awarded.

The anticipated date for all of these changes to be complete is June 2015. I would like to thank the SBOA for its cooperation and diligence in scrutinizing the Sheriff's Office operation. We will give it our best effort to improve and resolve all problems this report has shown us.



SHERIFF, Clark County Indiana

May 28, 2015

COUNTY SHERIFF
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

INMATE TRUST FUNDS

The balance of the inmate trust control account was not in agreement with the subsidiary record balance. At December 31, 2013, a difference of \$98,358 existed between the between the subsidiary and control account, with the subsidiary record having a lesser amount.

Indiana Code 36-8-10-22 (b) the sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate . . . (f) The sheriff shall maintain a record of each trust fund's receipts and disbursements.

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 are necessary for proper internal controls. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OFFICIAL BONDS

The Surety Bond for Daniel Rodden, former County Sheriff, was insufficient per the Indiana Code. Also, Brian Meyer, former County Sheriff for the period August 26, 2014 to December 31, 2014, did not obtain an individual Surety Bond.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

COUNTY SHERIFF
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the Officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000)."

COUNTY SHERIFF
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2015, with Daniel Rodden, former County Sheriff. The contents of this report were also discussed on April 22, 2015, with Jamey Noel, current County Sheriff, and Diane Shahroudi, Bookkeeper.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

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COUNTY BOARD OF AVIATION
CLARK COUNTY

COUNTY BOARD OF AVIATION
CLARK COUNTY
FEDERAL FINDINGS

FINDING 2013-009 - REPORTING

Federal Agency: Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106

Federal Award Number and Year (or Other Identifying Number): 3-18-0041-017-2006;
3-18-0041-018-2008;
3-18-0041-022-2009;
3-18-0041-023-2010;
3-18-0041-024-2011;
3-18-0041-025-2012

Management of the Clark County Board of Aviation Commissioners (Commissioners) has not established an effective internal control system related to Reporting compliance requirements. The Commissioners contracted with an engineer to prepare and file the quarterly performance reports for the various open grants. The Commissioners did not have procedures in place to review and approve the quarterly performance reports being prepared and filed by the engineer. The quarterly performance reports for the audit period were not presented for audit.

The Commissioners contracted with a Grant Administrator to prepare and file the annual and final federal financial reports for the various grants. These reports are submitted to the Airport Manager for review and approval before filing. The annual federal financial reports are to be presented for the fiscal year ending September 30. A combined report covering grants 3-18-0041-018-2008, 3-18-0041-022-2009, 3-18-0041-023-2010, 3-18-0041-024-2011, and 3-18-0041-025-2012 was submitted. The report was signed by the Airport Manager, but the review by the Airport Manager was not adequate to ensure the report was accurate and in agreement with the financial records. Upon examining this report, we noted federal cash disbursements reported for grant 3-18-0041-023-2010 were \$715,429; however, per the records, were \$6,453 through September 30, 2013. The amounts reported erroneously included disbursements for the period October 1, 2013 through December 31, 2013.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

COUNTY BOARD OF AVIATION
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

49 CFR 18.20(b) (1) states: "*Financial reporting.* Accurate, current and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

The failure to establish and implement internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls, including segregation of duties, and comply with the grant agreement and all compliance requirements pertaining to Reporting.

**FINDING 2013-010 - INTERNAL CONTROLS OVER DAVIS-BACON
ACT AND ALLOWABLE COST REQUIREMENTS**

Federal Agency: Department of Transportation

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Number and Year (or Other Identifying Number): 3-18-0041-024-2011;
3-18-0041-025-2012

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the compliance requirements that apply to Davis-Bacon Act and Allowable Cost Principles.

The Clark County Board of Aviation Commissioners (Commissioners) hired an engineer to assist in overseeing the labor standards required by the Davis-Bacon Act. Certified payrolls were submitted by the contractors to the engineer who would then check to determine if prevailing wages were being properly paid. The Commissioners did not have procedures in place to review and approve the work being performed by the engineer.

The County did not have procedures in place to ensure that all grant expenditures were approved by the Commissioners before payment by the County Auditor.

The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

COUNTY BOARD OF AVIATION
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish and implement internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls, including segregation of duties, related to the grant agreement and compliance requirements pertaining to Davis-Bacon Act and Allowable Costs.



CORRECTIVE ACTION PLAN

Finding: 2013-009- Reporting; and
2013-010 - Internal Controls Over Davis Bacon
and Allowable Cost Requirements

Contact: Tom Galligan
South Central Regional Airport Authority, President

Phone: (812) 207-0335

DESCRIPTION OF CORRECTIVE ACTION PLAN:

The South Central Regional Airport Authority Grant Oversight Process* is revised as follows in respond to finding:

| | |
|--------------------------|---|
| <input type="checkbox"/> | Grants Oversight process document outlines roles and responsibilities for managing grant funds. This includes coordination and communication of progress reports and completion schedules with the grantor in accordance with grant specifications. Process document also includes detailed steps regarding the oversight management, and proper usage of funds toward the awarded project. |
|--------------------------|---|

Roles and Responsibilities - Unless agreed to otherwise, our designated Engineer of Record is responsible for the communication and coordination of progress reports and completion schedules with the FAA and INDOT in accordance with the contract agreements, grant specifications and the AIP Handbook. Unless agreed to otherwise, our Engineer will be responsible for gathering all subcontracting parties' and assist in other contractors progress invoice(s) and/or pay application(s) throughout the life of the grant.

Invoice(s) and/or pay application(s) will be reviewed by the Engineer and the SCRAA Board officer and Administrator prior to board approval. The invoices and/or pay applications will be submitted to the Sponsor. A designated Sponsor's Administrator will review and upon general acceptance (contains required information for processing), send them all to the Engineer. When directed, the Engineer will prepare the FAA's 5100-60 pay application signature approval form, INDOT's Contract Invoice Voucher signature approval form, summary of costs, and attach the related invoices prior to approval or denial by the board. The Sponsor's Administrator will then review the documents and make sure that pay request is accurate and in agreement with the financial records. The Engineer shall also present to the SCRAA Administrator, the certified pay rolls and any corrective action to be performed.

The SCRAA Board must independently approve the pay applications and recommendations presented by the SCRAA Administrator and Engineer with a quorum. Unless agreed to otherwise, the Engineer will submit and validate a Delphi eInvoice to the FAA once approved by the Board and the Sponsor's Administrative Assistance has indicated they are accurate and in agreement with the financial records.

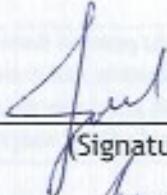
WOOLPERT
7635 INTERACTIVE WAY, SUITE 100 | INDIANAPOLIS, IN 46278-2731
317.299.7500 | WOOLPERT.COM

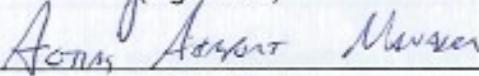
Once the FAA approves a Delphi invoice, the Sponsor or Engineer (when directed) will submit a hardcopy to INDOT for their share of the invoice(s) and/or pay application(s).

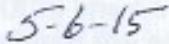
The Sponsor will designate the treasurer and administrative assistant to handle the invoice(s), claim(s), and FAA/INDOT funds received. Once the FAA and/or INDOT reimbursements are received, the designated individual will present these claims for to the Board for payment, associated with the progress invoice(s) and/or pay application(s) for approval by the SCRAA Board. Once SCRAA Board approves the claim and authorizes payment of the claims are they released for payment.

Unless agreed to otherwise, the Engineer is responsible by their agreement to processing the Quarterly Performance Reports as required by the FAA. These will be presented to the SCRAA Board for review at their monthly meetings for comments and revisions. They will be sent to the FAA with copy to the SCRAA Administrator.

ANTICIPATED COMPLETION DATE:



(Signature)


(Title)


(Date)

* = South Central Regional Airport Authority Grant Oversight Process was adopted on January 21, 2015. A copy is available upon request.

COUNTY BOARD OF AVIATION
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2015, with Thomas R. Galligan, President of the South Central Regional Airport Authority; John M. Secor, Board member of the South Central Regional Airport Authority; and Melodee McNames, former Treasurer of the South Central Regional Airport Authority.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

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COUNTY AUDITOR
CLARK COUNTY

COUNTY AUDITOR
CLARK COUNTY
FEDERAL FINDING

FINDING 2013-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Procedures were not in place to properly identify and classify federal financial activity in the County's financial records for use in the preparation of the SEFA.

Financial activity was not always properly classified in the County Auditor's financial ledger for the identification of federal grant activity. A contract consultant hired by the County to prepare the SEFA contacted state agencies regarding federal monies passed through by the state to the County to help identify federal monies for the preparation of the SEFA. Once the SEFA was prepared by the consultant, there was no control to ensure the information was properly reported and agreed with supplemental supporting records.

Procedures did not exist whereby various supplemental grant financial records maintained by department personnel used in the preparation of grant specific program reports were reconciled with the financial activity recorded in the County Auditor's financial ledger. The failure to reconcile could result in difference in grant specific program activity reported to federal agencies and pass-through entities not agreeing with underlying activity reported in the County's financial statements and SEFA.

The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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 County Auditors of Indiana, Chapter 14)



CORRECTIVE ACTION PLAN

FINDING 2013-001

R. MONTY SNELLING

PHONE NUMBER: 812-285-6211

Description of Corrective Action Plan:

In reference, to the findings, on the Schedule of Expenditures of Federal Awards. (SEFA)

The county commissioners contracted with a Certified Public Accountant to work in conjunction with the Auditor's office in tracking and verifying Federal Financial Grants.

The CPA also consults the grant administrators to insure compliance and additional oversight.

Paragraph II: The federal grants are receipted in, by the auditor's office, and placed into the proper funds. Federal Reimbursement Grant Funds are receipted into the funds where the activity took place.

The activity is shown on the financial report.

Paragraph III : Relating to the Auditor's Office procedures and controls. Monthly ledgers of financial activity and balances are sent to each department for review. They are to review the reports and reply as to whether they agree or disagree with the information in the county financial system.

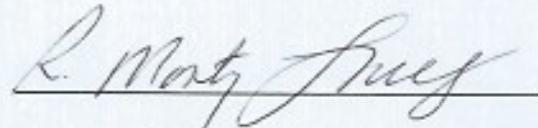
Paragraph IV : The contracted Certified Public Accountant prepares the SEFA report. The Auditor's Office reviews it and enters the information into Gateway.

Paragraph V : As stated earlier, I believe we receipt properly with the paperwork provided by the Grant Administrator. Accounts Payable insures that there are adequate appropriation, in each account, that was budgeted by the Grant Administrator.

A monthly report is sent to each department for their review. They are to review and reply as to if they are in agreement.

Corrective Action: Continue to verify all Federal Grants with the Grant Administrator. Continue to insure all Federal Grants are properly appropriated. Request that the County Commissioners send a directive to all departments to review the financial reports. That each department reply back to the Auditor's Office whether they agree or disagree with the financial report.

Anticipated Completion Date: December 31, 2015



TITLE AUDITOR

DATE: APRIL 27, 2015

COUNTY AUDITOR
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The County paid penalties and interest to the United States Treasury in the amount of \$6,200 as a result of an audit conducted for the year 2010, by the Internal Revenue Service. Penalties and interest were charged for not properly reporting information on 1099s and improper reporting of compensation for the correct payment of taxes. Back taxes in the amount of \$24,436 were also required to be paid.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COMPENSATION AND BENEFITS

Three Sheriff's Department employees responsible for performing maintenance work in the jail received additional compensation for performing similar services in the County's Community Corrections Department. Payments to the employees were made by vendor claims and the issuance of a 1099s, instead of being processed through the payroll system where withholding of federal, state, and local taxes and related employment benefits would be required.

Information was not provided to document when the actual work was performed for the Community Corrections Department to ensure the time worked was outside of the normal work schedule in the County Jail for which the employees were already receiving compensation.

Compensation payments were made in advance of the date the actual services were performed. Payments were made in January to cover services for the period January to June and the second payment was made in July to cover services for the period July to December.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Compensation and 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 County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 County Auditors of Indiana, Chapter 14)

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

OVERDRAWN CASH BALANCES

The financial statements presented in the Financial Statement and Federal Single Audit Report included the following funds with overdrawn cash balances at December 31, 2013:

| Fund | Amount Overdrawn |
|---------------------------------|---------------------|
| 16.738 Crisis Inter. 11-DJ-013 | \$ 606 |
| 16.588 Domestic Violence Gr. #2 | 597 |
| 20.106 Extend Runway 18-36 Ph4 | 48,337 |

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)



R. MONTY SNELLING

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118
Jeffersonville, IN 47130-4090
(812) 285-6211
Fax (812) 285-6216

May 15, 2015

Reply To Audit Comments

There were three Funds mentioned in the audit that we will address. All three of these were reimbursable Grant Funds.

Fund #8301 - Extend Runway : The Airport Administration had overspent the Grant. The administrator was notified and they brought in a check to bring the fund out of the negative status. They were informed that closer oversight was necessary to prevent future problems from occurring.

Fund #8133 - Domestic Violence Grant: This reimbursable grant fell into a category where another grant replaces the original grant due to being on a fiscal year. The original grant spent monies and when the reimbursement was received, the fund fell into the negative status because all the monies were not separated into each separate grant fund. The grant coordinator was made aware and contacted by the auditor's office. The grant coordinator contacted the county council attorney; and thereafter, deemed the fund dormant after the fund was balanced to avoid issue in the future.

Fund #8128 - Crisis Intervention Grant : This fund was thru Circuit Court 1. The employee of the court, that administered this grant, thru error, overspent the grant. That person quit their position. The Auditor's office attempted to work with the court to correct the error. The court did not address the problem. We have asked the court administrator to clear up the situation. It remains unresolved.

Respectfully,

R. Monty Snelling

COUNTY AUDITOR
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2015, with R. Monty Snelling, County Auditor, and Alana Sparkman, Deputy County Auditor.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
FEDERAL FINDINGS

FINDING 2013-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Procedures were not in place to properly identify and classify federal financial activity in the County's financial records for use in the preparation of the SEFA.

Financial activity was not always properly classified in the County Auditor's financial ledger for the identification of federal grant activity. A contract consultant hired by the County to prepare the SEFA contacted state agencies regarding federal monies passed through by the state to the County to help identify federal monies for the preparation of the SEFA. Once the SEFA was prepared by the consultant, there was no control to ensure the information was properly reported and agreed with supplemental supporting records.

Procedures did not exist whereby various supplemental grant financial records maintained by department personnel used in the preparation of grant specific program reports were reconciled with the financial activity recorded in the County Auditor's financial ledger. The failure to reconcile could result in difference in grant specific program activity reported to federal agencies and pass-through entities not agreeing with underlying activity reported in the County's financial statements and SEFA.

The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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 County Auditors of Indiana, Chapter 14)

FINDING 2013-004 - INTERNAL CONTROLS OVER LANDFILL FEES

The County does not have adequate controls in place to ensure fees due from the landfill are remitted timely and for the proper amount. This results in revenues not being available for use by the County as needed to meet obligations for which these fees are required. Without a proper system of internal control in place that operates effectively, revenues could also be lost due to the lack of accountability. Procedures should be developed to monitor fees that are paid to ensure the amounts are paid timely and for the correct amount.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
FEDERAL FINDINGS
(Continued)

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)

FINDING 2013-005 - INTERNAL CONTROLS OVER INVOICE PAYMENTS

The County does not have controls in place to ensure timely payment of amounts owed to vendors, and procedures are not in place to report unpaid obligations. In 2013, invoices totaling \$1,468,346 were paid that were associated with invoices dated in 2011 and 2012. Without a proper system of internal control in place that operates effectively, the proper monitoring of appropriations, expenditures, and cash balances are hindered. Procedures should be developed to ensure timely payment of invoices and to properly monitor and report unpaid obligations.

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)



BOARD OF COMMISSIONERS

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Jack Coffman
Bryan Glover
Rick Stephenson

N. Lisa Glickfield, General Counsel

May 11, 2015

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: 2013 Official Response to Audit Findings

Please accept this letter as the official response to the audit findings noted in the 2013 audit report for Clark County.

Finding 2013-001, Preparation of the Schedule of Expenditures of Federal Awards

Contact Person: R. Monty Snelling
Title: County Auditor
Phone Number: 812-285-6211

The County and their consultant continue to work with various departments to improve accounting procedures relating to Federal grant activity. The consultant has worked with these Departments to train personnel on properly accounting for Federal grant awards and has written procedures for departments to follow to help strengthen the accounting controls. In addition, the consultant will continue to assist the Auditor's office staff with the preparation of the Schedule of Expenditures of Federal Awards and improvements to grant processes will be made as necessary.

Finding 2013-004, Internal Controls Over Landfill Fees

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The County has contracted with their consultant to monitor Landfill fees for timeliness and accuracy on regular basis.

Finding 2013-005. Internal Control Over Invoice Payments

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The County will closely monitor payment obligations and requests for payment to ensure timely receipt of invoices due and corresponding payments for internal control weaknesses. Current procedures have been reviewed with County employees and consultants and new procedures have been implemented to strengthen accounting controls.

Respectfully submitted,



Jack Coffman, President
Board of Commissioners of Clark County, Indiana

Date: 5-11-2015

Cc: R. Monty Snelling, Clark County Auditor
N. Lisa Glickfield, Clark County Attorney
Jill W. Oca, CPA
File

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS

CUMULATIVE CAPITAL DEVELOPMENT FUND EXPENDITURES

The minutes of the Board of County Commissioners indicated the declaration of emergencies to allow certain costs to be paid from the Cumulative Capital Development fund. These emergency declarations resulted in \$307,161 in expenses being paid from the Cumulative Capital Development fund. Details of the emergency declarations and expenses paid are as follows:

1. February 28, 2013, approved \$155,256 for the cost for extra salt and labor to be paid due to adverse road conditions.

The amount actually charged totaled \$85,436. At the time of the declaration of emergency, records indicated that sufficient appropriations and cash balance were available to pay these expenses from the Local Road and Street fund, which is where these costs would normally be paid from.

2. April 11, 2013, approved \$18,000 to pay salaries for the Health Department mosquito control.

The amount actually charged totaled \$17,876. These salaries are normally paid from the Mosquito Control fund. During 2013, a portion of these salaries were paid from the Health Department fund. At the time of the declaration of emergency, records indicated that sufficient appropriations and cash balances were available in the Health Department fund to pay the entire salaries for mosquito control.

3. April 25, 2013, approved payment of the third quarter worker's compensation and general liability insurances payment because appropriations were cut by the County Council.

The amount charged totaled \$193,213. There was no information presented to indicate the public health, welfare, or safety was in immediate danger to necessitate the emergency declaration.

4. September 25, 2013, approved payment for \$10,636 of the total \$30,636 incurred for back taxes and fines from a 2010 IRS audit.

There was no information presented to indicate the public health, welfare, or safety was in immediate danger to necessitate the emergency declaration.

Indiana Code 36-9-14.5-8 states in part:

"(a) The tax money collected under this chapter shall be held in a special fund to be known as the cumulative capital development fund. . . .

(c) Money held in the cumulative capital development fund may be spent for purposes other than the purposes stated in section 2 of this chapter, if the purpose is to protect the public health, welfare, or safety in an emergency situation that demands immediate action . . . Money may be spent under the authority of this subsection only after the county executive:

- (1) issues a declaration that the public health, welfare, or safety is in immediate danger that requires the expenditure of money in the fund . . ."

A similar comment appeared in prior Report B43088.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

HEALTH INSURANCE BENEFITS FOR RETIREES

The amount contributed by the County towards the cost of retirees' monthly health insurance premiums was not in agreement with the amount specified in the County's policy. The County contributed \$250 per month per retiree towards the cost of monthly health insurance premiums for all County retirees. Ordinance 5-1997, regarding health insurance benefits, presented for audit stated that the County shall contribute \$100 toward the monthly premium of a retired employee. Based on the policy presented for audit, the County's contributions for 11 retirees' health insurance exceeded the amount authorized by Ordinance 5-1997 by \$19,800 during the year 2013.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

A similar comment appeared in prior Reports B40236, B40884, and B43088.

MEDICARE SUPPLEMENTAL INSURANCE FOR RETIREES

The County contributes monthly towards the cost of Medicare supplemental insurance for all County retirees. No policy or ordinance was presented for audit authorizing the County to contribute toward the cost of a retiree's Medicare supplemental insurance. The County paid \$218 per month on 45 retirees for a total of \$91,560 during the year 2013.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

A similar comment appeared in prior Reports B40236, B40884, and B43008.

INSURANCE FOR SHERIFF DEPARTMENT RETIREE SPOUSES

The County's policy, Ordinance 13-1997, applicable only to health insurance benefits for Sheriff's Department employees states that the County will pay for the retired employee's share of group health insurance coverage and Medicare supplement insurance. The policy does not define if the coverage includes the cost of a single policy or if it includes the cost of the retiree and the retiree's spouse. During the year 2013, the County paid the cost of insurance coverage for three spouses of Sheriff's Department retirees, but the actual costs could not be determined.

Ordinance 13-1997 states in part: ". . . the Auditor shall pay the 'Retired employee's share' for group health insurance benefits . . . and . . . the premiums for eligible retiree's Medicare supplemental insurance." The ordinance further states: "Group health insurance benefits shall be available to the retiree's eligible spouse."

Although the policy states that coverage will be made available for the spouses to participate in insurance coverage it does not address who is responsible for paying the costs.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

A similar comment appeared in prior Reports B40236, B40884, and B43008.

FUNDING SOURCE OF HEALTH INSURANCE COST OF SHERIFF'S DEPARTMENT

The County's practice of funding costs for Sheriff's Department retiree's health insurance premiums and Medicare supplemental insurance premiums conflicts with established ordinances. The County's practice is to pay \$250 per month towards the costs of health insurance premiums and \$218 towards the monthly costs of Medicare supplemental insurance from the County's General Fund with the remaining cost paid from the Sheriff's Retiree Group Insurance Fund (aka Police Insurance Deduction Fund). However, Ordinance 13-1997 states the cost is to be paid from the Sheriff's Retiree Group Insurance Fund.

Ordinance 13-1997 states in part:

"The Clark County Auditor shall establish a fund to be known as the Sheriff's Retiree Group Insurance Fund. . . . From said fund the Auditor shall pay the "Retired employee's share" for group health insurance benefits . . . and the Auditor shall also pay from said fund the premiums for eligible retiree's Medicare supplemental insurance."

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)

A similar comment appeared in prior Reports B40236, B40884, and B43088.

TAX LIST FEE

Pursuant to County Ordinance 1-2010, the County established a fee of \$200 for a complete electronic copy of the Clark County tax list. Information was not presented for audit to indicate the fee charged was in accordance with state statute and the basis for reasonableness of the fee.

Indiana Code 5-14-3-8 states in part:

"(d) . . . The fiscal body (as defined in IC 36-1-2-6) of the public agency . . . shall establish a fee schedule for the certification or copying of documents. The fee for certification of documents may not exceed five dollars (\$5) per document. The fee for copying documents may not exceed the greater of:

- (1) ten cents (\$0.10) per page for copies that are not color copies or twenty-five cents (\$0.25) per page for color copies; or
- (2) the actual cost to the agency of copying the document.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

As used in this subsection, 'actual cost' means the cost of paper and the per-page cost for use of copying or facsimile equipment and does not include labor costs or overhead costs. A fee established under this subsection must be uniform throughout the public agency and uniform to all purchasers. . . .

(g) Except as provided by subsection (h), for providing a duplicate of a computer tape, computer disc, microfilm, or similar or analogous record system containing information owned by the public agency or entrusted to it, a public agency may charge a fee, uniform to all purchasers, that does not exceed the sum of the following:

- (1) The agency's direct cost of supplying the information in that form.
- (2) The standard cost for selling the same information to the public in the form of a publication if the agency has published the information and made the publication available for sale . . ."

TAX SALE FEE

The County assesses a fee of \$50 against each parcel of real estate certified for tax sale. Information was not presented for audit to indicate the fee charged was the actual costs incurred in accordance with state statutes applicable to tax sale costs.

Indiana Code 6-1.1-24-5 Conduct of sale states in part:

"(a) When a tract or an item of real property is subject to sale under this chapter, it must be sold in compliance with this section . . .

(f) . . . a tract or an item of real property may not be sold for an amount which is less than the sum of: . . .

(4) the amount prescribed by section 2(a)(3)(D) of this chapter reflecting the costs incurred by the county due to the sale; . . .

(6) other reasonable expenses of collection, including title search expenses, uniform commercial code expenses, and reasonable attorney's fees incurred by the date of the sale."

Indiana Code 6-1.1-24-2 *Notice of tax sale; information required in notice; county recovery of unpaid costs; combined sale or redemption. Sec. 2.*

"(a) In addition to the delinquency list required under section 1 of this chapter, each county auditor shall prepare a notice. The notice shall contain the following: . . .

(3) A statement that the tracts or real property will not be sold for an amount which is less than the sum of:

(A) the delinquent taxes and special assessments on each tract or item of real property;

(B) the taxes and special assessments on each tract or item of real property that is due and payable in the year of the sale, whether or not they are delinquent;

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (C) all penalties due on the delinquencies;
- (D) an amount prescribed by the county auditor that equals the sum of:
 - (i) the greater of twenty-five dollars (\$25) or postage and publication costs; and
 - (ii) any other actual costs incurred by the county that are directly attributable to the tax sale; and
- (E) any unpaid costs due under subsection (b) from a prior tax sale."

IC 6-1.1-24-2(b) states:

"If within sixty (60) days before the date of the tax sale the county incurs costs set under subsection (a)(3)(D) and those costs are not paid, the county auditor shall enter the amount of costs that remain unpaid upon the tax duplicate of the property for which the costs were set. The county treasurer shall mail notice of unpaid costs entered upon a tax duplicate under this subsection to the owner of the property identified in the tax duplicate."



BOARD OF COMMISSIONERS

Clark County Government Building, Room 404
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Jack Coffman
Bryan Glover
Rick Stephenson

N. Lisa Glickfield, General Counsel

May 11, 2015

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Clark County Commissioners' Official Response to Audit Comments

Please accept this letter as our official response to the audit comments noted in the 2013 audit report for Clark County.

Cumulative Capital Development Fund Expenditures

Contact Person: Jack Coffman
Title: President, Board of County Commissioners
Phone Number: 812-285-6275

The Commissioners make a diligent effort to ensure that expenditures from the Cumulative Capital Development Fund are used only when there is "Immediate Action" spending needed to protect the public health, welfare or safety in an emergency situation. The Commissioners will closely scrutinize the correct fund from which expenditures are made to ensure accuracy in reporting and appropriations.

Health Insurance Benefits for Retirees

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County is in the final stages of updating the employee handbook. The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid.

Medicare Supplemental Insurance for Retirees

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with formal policies currently in place.

Insurance for Sheriff Department Retiree Spouses

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid. All ordinances relating to retirees will be reviewed and amended as needed to provide further clarification on this issue.

Funding Source of Health Insurance Cost of Sheriff's Department

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County will review Ordinance 13-1997 for the Sheriff's Department retiree's health insurance premiums and Medicare supplemental insurance premiums. Either the ordinance or the current practice will be revised to ensure compliance with the authorization for payment documentation.

Tax List Fee

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

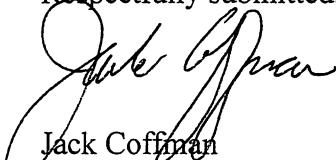
The County will review existing statutes with the County Attorney for the legality of the current tax list fee. Appropriate changes will be made as necessary.

Tax Sale Fee

Contact Person: Jack Coffman
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275

The County will review existing statutes with the County Attorney for the legality of the current tax sale fee. Appropriate changes will be made as necessary.

Respectfully submitted,



Jack Coffman
President, Clark County Commissioners

Cc: N. Lisa Glickfield, Clark County Attorney
file

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

COUNTY COMMUNITY CORRECTIONS
CLARK COUNTY

COUNTY COMMUNITY CORRECTIONS
CLARK COUNTY
AUDIT RESULT AND COMMENT

COMPENSATION AND BENEFITS

Three Sheriff's Department employees responsible for performing maintenance work in the jail received additional compensation for performing similar services in the County's Community Corrections Department. Payments to the employees were made by vendor claims and the issuance of a 1099s, instead of being processed through the payroll system where withholding of federal, state, and local taxes and related employment benefits would be required.

Information was not provided to document when the actual work was performed for the Community Corrections Department to ensure the time worked was outside of the normal work schedule in the County Jail for which the employees were already receiving compensation.

Compensation payments were made in advance of the date the actual services were performed. Payments were made in January to cover services for the period January to June and the second payment was made in July to cover services for the period July to December.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Compensation and 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 Counties of Indiana, Chapter 1)

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 Counties of Indiana, Chapter 1)

COUNTY COMMUNITY CORRECTIONS
CLARK COUNTY
AUDIT RESULT AND COMMENT
(Continued)

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A and/or General Form No. 99B.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

**CLARK COUNTY
COMMUNITY CORRECTIONS
CLARK COUNTY GOVERNMENT BUILDING
501 E. COURT AVENUE
JEFFERSONVILLE, IN 47130**

(812)258-2569 OFFICE, (812) 258-2861 SECURITY DESK, (812)258-2864 FAX

**DANIELLE GRISSETT
INTERIM EXECUTIVE
DIRECTOR
COMMUNITY CORRECTIONS**



**DIRECTOR
WORK RELEASE**

April 22, 2015

Response to Audit Results

The practice of paying county employees (Sheriff's Department maintenance) through a vendor claim will no longer be implemented. On April 13, 2015 I brought the issue to the attention to the Clark County Council. In the future any and all compensations for the Sheriff's Department maintenance employees or any county employee will be approved by the county council and be paid out through the auditor's office.



Danielle Grissett Walters
Interim Executive Director
Community Corrections
812-786-0699
812-258-2860

COUNTY COMMUNITY CORRECTIONS
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2015, with Danielle Grissett Walters, Interim Executive Director Community Corrections.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

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COUNTY PROBATION DEPARTMENT
CLARK COUNTY

COUNTY PROBATION DEPARTMENT
CLARK COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS PROBATION DEPARTMENT RECEIPTS

Internal controls over the receipt collections in the probation department were insufficient. The department issues a combination of manual receipts and computer generated receipts. Manual receipts were issued if the computer system was down; monies were collected after the mid-afternoon close out of the daily collections; or the probationer's case was not set up in the computer system. The following deficiencies in internal controls were noted over receipts issued:

1. Proper controls were not in place over the receipt books issued to ensure proper accountability for all of the receipts issued. A master list of the receipt books issued and the related receipt numbers was not maintained along with the individual to whom the receipt books were issued to ensure that all receipt numbers are accounted for. The receipts issued were not always prescribed receipts with the name of the County printed on the receipt and a control over the receipt numbers. Instead a generic receipt book was used that did not provide proper controls and accountability over the receipt issued.
2. Manual receipts issued were to be entered into the computerized accounting system to account for the amount paid by each probationer and the related balance owed. There were no controls in place to ensure that all of the manual receipts had been entered into the computer system to properly credit the monies received to the probationers' account and to account for the monies received.
3. Monies were not remitted timely to the County Auditor. If a probationer's case had not been created in the system at the time the monies were collected, the money and the manual receipt would be held until the time the probationer's case had been created in the computer system. Testing of receipts identified instances in which monies were held up to seven days before being receipted into the computerized system and remitted to the County Auditor.

Procedures should be implemented to minimize the need for manual receipts. The daily cash drawer should be closed out at the end of the day instead of the middle of the day or if the cash drawer is closed out during the day a second cash drawer should be opened to account for the collections. A person not involved in the collection process should be responsible for ordering receipt books and maintaining an inventory of receipt books assigned to individuals in order to ensure that all receipts are properly accounted for. Probationer cases should be established within the computer system in a timely manner to enable receipts to be issued within the computer system when the monies are received.

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. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Indiana Code 5-13-6-1(c) provides in part:

". . . all local officers . . . who collect public funds of their respective political subdivision, 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 several local boards of finance that have jurisdiction of the funds . . . Public funds deposited under this subsection shall be deposited in the same form in which they are received."

COUNTY PROBATION DEPARTMENT
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2015, with Vicki L. Carmichael, Circuit Court #4 Judge.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.

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CIRCUIT COURT #4 JUDGE
CLARK COUNTY

CIRCUIT COURT #4 JUDGE
CLARK COUNTY
AUDIT RESULT AND COMMENT

MANDATE OF FUNDS

An order to pay all claims of the Juvenile Detention Center Project Income Fund #4915 was issued by Vicki L. Carmichael, Clark County Circuit Court #4 Judge, and submitted to the Clark County Auditor on January 31, 2013. The order states as follows:

"Comes now Hon. Vicki L. Carmichael, Presiding Judge, and hereby ORDERS the Clark County Auditor to pay any and all claims submitted by the Clark County Juvenile Detention Center (Fund #4915). SO ORDERED THIS 31 DAY OF JANUARY, 2013."

Although the Juvenile Detention Center Project Income Fund #4915 had sufficient appropriation balances to pay expenditures, the fund did not have a sufficient cash balance. As a result of this order, claims were paid that exceeded the amount of funds on hand resulting in the fund having a deficit cash balance at December 31, 2013, in the amount of \$43,548.

On June 20, 2013, court case number 10C04-1306-MI-000075 was filed by the Clark County Sheriff's Office against the Clark County Council petitioning for relief and order for mandate of funds for the payment of expenditures for all necessary court-related functions, operates the Clark County Jail and operates the Clark County Sheriff's Office. The County issued judgment bonds on November 19, 2013, in the amount of \$2,855,000; however, the amount of the bonds was not sufficient to cover the costs of the Sheriff's Department and the Juvenile Detention Center. Additional funding in the amount of \$265,781 was provided by the LOIT-County General fund to cover the additional expenditures of the Sheriff's Department; however, no measures were taken to fund the excess expenditures of the Juvenile Detention Center.

The order to pay the claims of the Juvenile Detention Center Project Income did not follow Trial Rule 60.5 Mandate of Funds.

Trial Rule 60.5 Mandate of Funds as outlined in the County Bulletin and Uniform Compliance Guidelines, July 2012, Volume 384, Page 7 states:

"TRIAL RULE 60.5 MANDATE OF FUNDS

(A) Scope of mandate. Courts shall limit their request for funds to those which are reasonably necessary for the operation of the court or court-related functions. Mandate will not lie for extravagant, arbitrary or unwarranted expenditures nor for personal expenditures (e.g. personal telephone bills, bar association memberships, disciplinary fee).

Prior to issuing the order, the court shall meet with the mandated party to demonstrate the need for said funds. At any time in the process, the dispute may be submitted to mediation by agreement of the parties or by order of the Supreme Court or the special judge.

CIRCUIT COURT #4 JUDGE
CLARK COUNTY
AUDIT RESULT AND COMMENT
(Continued)

(B) Procedure. Whenever a court, except the Supreme Court or the Court of Appeals, desires to order either a municipality, a political subdivision of the state, or an officer of either to appropriate or to pay unappropriated funds for the operation of the court or court-related functions, such court shall issue and cause to be served upon such municipality, political subdivision or officer an order to show cause why such appropriation or payment should not be made. Such order to show cause shall be captioned 'Order for Mandate of Funds.'

The matter shall be set for trial on the merits of such order to show cause unless the legislative body, the chief executive officer or the affected officer files a waiver in writing of such a trial and agrees to make such appropriation or payment.

The trial shall be without a jury, before a special judge of the court that made the order. There shall be no change of venue from the county or from the special judge appointed by the Supreme Court.

The court shall promptly notify the Supreme Court of the entry of such order to show cause and the Supreme Court shall then appoint as special judge an attorney who is not a current or former regular judge and who does not reside nor regularly practice law in the county issuing the Order of Mandate of Funds or in any county contiguous thereto.

If the appointed judge fails to qualify within seven (7) days after he has received notice of his appointment, the Supreme Court shall follow the same procedure until an appointed judge does properly qualify.

Unless expressly waived by the respondent in writing within thirty (30) days after the entering of the trial judge's decree, a decree or order mandating the payment of funds for the operation of the court or court-related functions shall be automatically reviewed by the Supreme Court. Promptly on expiration of such thirty (30) day period, the trial judge shall certify such decree together with either a stipulation of facts or an electronic transcription of the evidence to the Supreme Court.

No motion to correct error or notice of appeal shall be filed. No mandate order for appropriation or payment of funds made by any court other than the Supreme Court or Court of Appeals shall direct that attorney fees be paid at a rate greater than the reasonable and customary hourly rate for an attorney in the county.

No mandate order shall be effective unless it is entered after trial as herein provided and until the order has been reviewed by the Supreme Court or such review is expressly waived as herein provided."

CIRCUIT COURT #4 JUDGE
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 21, 2015, with Vicki L. Carmichael, Circuit Court #4 Judge.

The contents of this report were discussed on May 7, 2015, with Jack Coffman, President of the Board of County Commissioners; Jill Oca, contract consultant; Barbara Hollis, President of the County Council; and Brian Lenfert, Vice President of the County Council.