

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

**SUPPLEMENTAL COMPLIANCE REPORT
OF**

**NORTHEAST INDIANA SOLID
WASTE MANAGEMENT DISTRICT
DEKALB COUNTY, INDIANA**

January 1, 2010 to December 31, 2014



FILED
04/22/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Board of Directors:	
Examination Results and Comments:	
Personal Expenses	4-5
Travel Policy and Travel Related Expenses	5-6
Official Response.....	7-8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Steven P. Christman	01-01-10 to 12-31-16
Controller	Randy P. Tilbury	01-01-10 to 12-31-16
President of the Board of Directors	Ronald L. Smith	01-01-10 to 12-31-16



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TO: THE OFFICIALS OF THE NORTHEAST INDIANA SOLID
WASTE MANAGEMENT DISTRICT, DEKALB COUNTY, INDIANA

This report is supplemental to our examination report of the Northeast Indiana Solid Waste Management District (Solid Waste Management District), for the period from January 1, 2010 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Solid Waste Management District. It should be read in conjunction with our Financial Statements Examination Report of the Solid Waste Management District, which provides our opinion on the Solid Waste Management District's financial statements. This report may be found at www.in.gov/sboa/.

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 Examination 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 Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

January 19, 2016

BOARD OF DIRECTORS
NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS

PERSONAL EXPENSES

We noted the following disbursements that were considered personal and unrelated to the operation of the District during the examination of payments to the credit card company:

1. The Director of the District was also the President of the Hoosier Chapter of the Solid Waste Association of North America (SWANA) and International Chapter Director of the International SWANA. SWANA-related travel expenses for the Director were being charged to the credit card of the District. The District was paying these expenses and later reimbursed by the Hoosier Chapter or the International SWANA. The reimbursements for expenses paid by the District from the Hoosier Chapter and/or the International SWANA for the period of examination totaled \$21,718. These expenses should not be running through the District as they were not related to the operation of the District.
2. In addition to the items noted above, other items related to the SWANA were purchased with the District credit card but were not reimbursed. One item in the amount of \$22 was noted as not being reimbursed to the District by the SWANA. When brought to his attention during the examination, the Director personally reimbursed the District.
3. We noted twelve local lunch meetings that were paid for by the District using the District credit card that were not outside the territorial boundaries of the District. There were instances where meals were purchased not only for the Director, but for others as well.
4. A Hoosier SWANA training registration of \$100 and golf outing of \$70 were charged on the District credit card and paid by the District in 2014 for an independent contractor of the District. The registration for training and the golf outing were not considered expenses related to the District business.
5. There were items on the eleven credit card statements examined that were to be reimbursed by the SWANA, but no reimbursement could be found. These items included:
 - Airfare to Puerto Rico in 2013 totaling \$1,139.
 - Baggage fees and food for the Director and a guest in 2013 totaling \$114.
 - Cab fare and a hotel movie in 2013 totaling \$86.
 - Airfare in 2014 totaling \$208.

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

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 Special Districts, Chapter 10)

BOARD OF DIRECTORS
NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

When traveling outside the local unit's boundaries on official business, officers, and employees may also be reimbursed for meals, lodgings, and incidental expenses as defined in the travel policy. The claim for reimbursement should be supported by itemized receipts from hotels, restaurants, and taxi cabs used by the officer or employee while traveling on official business. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 14)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

TRAVEL POLICY AND TRAVEL RELATED EXPENSES

The District did not have a formal written travel policy for its employees. However, they did have one for the members of the Board of Directors.

Most of the District's travel expenses were charged to a District credit card. The following exceptions related to travel expenses were discovered while examining eleven monthly credit card statements paid during the examination period.

- Not all of the food and drinks purchased included a detailed receipt showing what was actually purchased. There were instances where just a final signature slip showing how much was paid in total was presented for examination. There were also instances where no receipt was available showing what was purchased when food and drink purchases were charged to a hotel room.
- If more than one meal was purchased on a meal ticket, it was not always clear who it was for and why the meal was being paid for by the District.
- The purpose of the travel expense was not always clear.
- The amount that the District was responsible for and the amounts that the Hoosier Chapter of the SWANA and the International SWANA were responsible for was not clear or consistent.

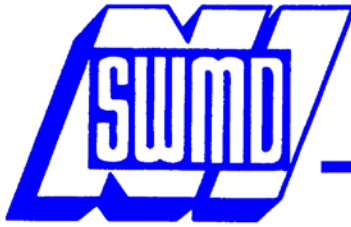
Each governmental unit should adopt a written travel policy in conformity with applicable statutes. Reimbursements for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

When traveling outside the local unit's boundaries on official business, officers, and employees may also be reimbursed for meals, lodgings, and incidental expenses as defined in the travel policy. The claim for reimbursement should be supported by itemized receipts from hotels, restaurants, and taxi cabs used by the officer or employee while traveling on official business. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 14)

BOARD OF DIRECTORS
NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Because the term "itemized" has not been defined in the Indiana Code, we have recommended .the following as a guide to local officials responsible for the approval and payment of claims: A claim to be properly itemized should show the kind of service, where performed, date service rendered, by whom, rate per day, number of hours, rate per hour, price per foot, per yard, per hundred, per pound, per ton, etc. . . . (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 20)

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 Special Districts, Chapter 10)



NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT

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January 27, 2016

State Board of Accounts
302 West Washington Street
Room E-418
Indianapolis Indiana 46204-2765

Official Response
Examination Results and Comments
Examination Period 1/1/10 To 12/31/14
Exit Conference 1/19/16

- 1) In the early year's frequency and distance of travel, as well as level of participation on the International Board was minimal. As that has continued to increase, the level of effort for staff to track, receipts, process payment and follow up confirming reimbursements has become burdensome and problematic. The total re-imbursement in expenses for the 5 years audited reflects these concerns and has gotten too big. Some locations of International Board Meetings simply are no longer perceived favorably at the local level. We agree, removing travel expenses out of the District books and to a Hoosier Chapter credit card and/or a personal credit card needs to be done and has been completed.
- 2) On occasion Staff would buy lunch at luncheon meetings working specifically with educators, consulting engineers, legal counsel, and others on District projects or programs. While conducted sparingly this practice will be discontinued unless (Solid Waste) Board authorized.
- 3) The independent contractor actually registered the Director using a square card reader. Typically my attendance (and the golf) is "comped" for helping to teach the training and contractor was unaware of that. The District has been fully reimbursed, correcting the discrepancy.
- 4) The list of four items in number five are travel expenses to be reimbursed by SWANA and missed completely or not followed up on. These items have been reimbursed by the Hoosier Chapter of SWANA with receipts and deposit tickets on file, and being provided to the Auditor.



Recycled Paper

Travel Policy and Travel related Expenses

The District is drafting a travel policy to be adopted by the Board in 2016. The exceptions by bullet point (5) as listed have either been taken care of by one through four above, eliminating SWANA International Board travel expense or by the policy addressing level of detailed documentation, purpose and Accounting and Uniform Compliance Guidelines Manual for Special Districts.

SUMMARY: Solid Waste Association of North America meetings and travel have become much too cumbersome and confusing from a level of detail, tracking, and reimbursement standpoint. International Board meetings and travel are moved to a private credit card. It is regrettable mistakes were made creating poor perception, as missed reimbursements, even travel to Puerto Rico simply does not look good from a public perception standpoint. All proper reimbursements (with documentation) have been made by close of business Tuesday January 26, 2016. With my apologies, thanks to Comptroller and staff for assistance.

Steven P. Christman QEP Executive Director.

BOARD OF DIRECTORS
NORTHEAST INDIANA SOLID WASTE MANAGEMENT DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on January 19, 2016, with William O. VanWye, Board Member; Steven P. Christman, Director; and Randy P. Tilbury, Controller.