

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

REGION III-A ECONOMIC DEVELOPMENT
DISTRICT AND REGIONAL PLANNING COMMISSION
HUNTINGTON, LAGRANGE, NOBLE, STEUBEN,
AND WHITLEY COUNTIES, INDIANA

January 1, 2011 to December 31, 2015



FILED
07/29/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Annual Financial Report	4
Receipt Issuance	4
Errors on Claims	4-5
Compensation and Benefits	5
Record of Hours Worked	5
Exit Conference	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	David Koenig	01-01-11 to 11-16-11
	Jim Atz	11-17-11 to 06-21-12
	(Vacant)	06-22-12 to 08-14-12
	Loren Kravig	08-15-12 to 03-31-14
	(Vacant)	04-01-14 to 08-20-14
	Jessica L. Grossman	08-21-14 to 12-31-16
Office Manager	Marjorie Keller	01-01-11 to 08-21-14
	(Vacant)	08-22-14 to 09-09-14
	Sandra Tamez	09-10-14 to 12-31-16
President of the Regional Planning Commission Board	John Price	01-01-11 to 08-20-15
	(Vacant)	08-21-15 to 12-31-15
	Thomas Wall	01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION, HUNTINGTON, LAGRANGE, NOBLE, STEUBEN, AND WHITLEY COUNTIES, INDIANA

This report is supplemental to our examination report of the Region III-A Economic Development District and Regional Planning Commission (Regional Planning Commission), for the period from January 1, 2011 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Regional Planning Commission. It should be read in conjunction with our Financial Statements Examination Report of the Regional Planning Commission, which provides our opinion on the Regional Planning Commission'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

April 19, 2016

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND
REGIONAL PLANNING COMMISSION
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Reports (AFR) for 2011, 2012, 2013, 2014, and 2015 contained a number of errors and did not match the records of the Regional Planning Commission. Adjustments to receipts for the examination period totaled \$538,248 and adjustments to disbursements for the examination period totaled \$581,625, which were presented to and accepted by management.

Additionally, the AFRs for 2013 and 2014 were not filed electronically until March 25, 2014, and March 19, 2015, respectively, which was twenty-four days and twenty days past the respective due dates.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

RECEIPT ISSUANCE

We conducted a test designed to verify that receipts issued were properly recorded to the ledgers at the time the transactions occurred. Our test found that while cash collections were posted to the ledgers, receipts were not consistently written for the second half of 2014 and 2015. During 2011 through the first half of 2014, receipts were issued; however, the receipt numbers were not posted into the general ledger, making tracing the receipt to the ledger difficult.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

ERRORS ON CLAIMS

A sample of claims identified 50 percent that did not have Regional Planning Commission Board approval. This error resulted in \$1,869 expenditures which did not have proper Board approval.

The claims during 2011, 2012, and part of 2013 were approved by the board. However, during 2013 and thereafter, the Regional Planning Commission Board was no longer providing a formal approval of claims. Claims were approved in the Board Minutes and there was evidence of discussions regarding claims, but no Board signatures indicating approvals.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND
REGIONAL PLANNING COMMISSION
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

COMPENSATION AND BENEFITS

Compensation and benefits paid to employees were not included on a salary ordinance or resolution. An annual salary range for specific job descriptions was recently updated and the Regional Planning Commission Board approved changes in payroll compensation.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 14)

RECORD OF HOURS WORKED

Attendance and time records were not consistently kept for employees showing hours worked.

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 Special Districts, Chapter 14)

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND
REGIONAL PLANNING COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on April 19, 2016, with Jessica L. Grossman, Executive Director; Sandra Tamez, Office Manager; and Thomas Wall, President of the Regional Planning Commission Board.