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September 29, 2016

TO: THE OFFICIALS OF THE SWITZERLAND COUNTY CONVENTION, RECREATION
AND VISITOR INDUSTRY COMMISSION, SWITZERLAND COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Switzerland County Convention, Recreation and Visitor Industry Commission (Commission), for the period of January 1, 2011 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Commission's financial statements, we did not follow auditing standards generally accepted in the United States of America. Accordingly, we do not express an opinion on any basic financial statement of the Commission.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Annual Financial Reports filed by the Commission can be found on the Gateway website: <https://gateway.ifionline.org/>.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Unresolved Comment from Prior Report

- *The Commission's financial institution was not returning the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The backside of the optical image of the checks was not returned.*

Current Period Comments

- *The Commission maintains five bank accounts for depositing collections. Depository reconciliations of the fund balances to the various bank account balances were not presented for review for at least one or more of the bank accounts each month during the review period.*

- The following financial records were not presented for review for 2011 and 2012:
 - (1) Ledger of Receipts, Disbursements and Balances (Form 358) or its equivalent.
 - (2) Employee Earnings Records (Form 99b) or its equivalent.
- The Annual Financial Report (AFR) filed for 2013, 2014, and 2015 did not match the Commission's records as shown below:

Years	Fund	Category	Amount Per AFR	Amount Per Ledger	Difference
2013	General	Beginning Balance	\$ 446,952.71	\$ 446,460.27	\$ 492.44
2013	General	Receipts	528,123.33	528,615.77	(492.44)
2014	General	Receipts	506,108.92	506,085.62	23.30
2014	General	Ending Balance	499,459.63	499,436.33	23.30
2015	General	Beginning Balance	499,459.63	499,436.33	23.30
2015	General	Receipts	534,287.95	534,311.25	(23.30)
2015	Coffee & Gift Shop	Receipts	53,175.90	52,976.52	199.38
2015	Coffee & Gift Shop	Disbursements	46,558.46	46,211.90	346.56
2015	Coffee & Gift Shop	Ending Balance	6,617.44	6,764.62	(147.18)


- In 2011, 2013, and 2014, penalties, interest, and other charges were paid to the Indiana Department of Revenue in the amount of \$598.20 because payments of taxes due were not made on a timely basis.
- The Commission did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2011, 2012, and 2013.

Also, the Commission did not timely file a Form 100-R with the Indiana State Board of Accounts for 2014. The report was filed on February 15, 2015, which was 15 days past the due date.

- The Board did not adopt a salary schedule establishing the compensation of officers and employees. Board minutes did note pay increases for certain employees but not all. The Board had generally given the responsibility for establishing the employee rate of pay to the Executive Director or Office Manager; however, no policy for that responsibility was presented for review.
- In the years 2011, 2012, 2013, 2014, and 2015, 21 payments for expenses were observed which were paid without certification by the person receiving the goods or service; 7 payments were observed without certification by the Fiscal Officer as being audited; and 21 payments being made prior to Board approval.
- The Commission did not have a credit card policy approved by the Board.
- The Fiscal Officer did not obtain an individual Surety Bond or a crime insurance policy for the years 2012, 2013, 2014, or 2015.
- The AFRs for 2011 and 2012 were both not filed until February 27, 2014, which was 728 days and 363 days past the due date, respectively.

This letter is intended for the information and use of the governing body and management of the Commission. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on August 16, 2016, with Christy Morgan, Program Manager; Paula J. Myers, Program Administrative; Steven M. Jones-Ellard, President of the Board; and Stephanie L. Furnish, CPA, Commission Consultant. Any Official Response attached to this letter was not verified for accuracy.


Paul D. Joyce, CPA
State Examiner



August 24, 2016

Paul D. Joyce, CPA
State Examiner
State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, Indiana 46204-2765

Via: Electronic Mail

RE: OFFICIAL RESPONSE to August 16, 2016, Audit Comments

Mr. Joyce:

The Switzerland County Recreation, Tourism and Convention Commission (SCRCTCC) herein responds to audit comments provided by the Indiana State Board of Accounts. The audit encompassed SCRCTCC's financial and other business records and policies for calendar years 2011-2015.

Unresolved Comments from Prior Report:

Commission's financial institution(s) was not returning the actual cancelled check with the monthly bank statement, but instead returned only an optical image of the front side of the check.

- The SCRCTCC is working with local banking institutions to receive copies (and/or appropriate images) of the back of cancelled checks depicting the endorsements and bank routing information.

Current Period Comments:

(numeric responses correspond to section bullet points)

1. *The Commission maintains five bank accounts for depositing the Commission's collections. Depository reconciliations of the fund balances to the various bank account balances were not presented for at least one or more of the bank accounts each month during the examination period.*

- In 2016, the SCRTCC entered into a multi-year contract with a Certified Public Accountant to oversee reconciliations of all SCRTCC bank accounts, tax filings and compliance with Federal, state and any local financial reporting requirements.

2. *The following financial records were not presented for examination for the years 2011 and 2012 (1) ledger of receipts, disbursements and balances (Form 358) or equivalent, (2) employee earnings records (Form 99b) or equivalent (citing Indiana Code 5-15-6-3(f)).*

- Some prior years financial records are unavailable and a reasonable search of SCRTCC records was not fruitful. Now, however, SCRTCC has made records retentions a pillar of its operational infrastructure. Beginning in 2015, and in addition to paper records, SCRTCC began utilizing Cloud-based computer storage for all SCRTCC business records. Further, SCRTCC has been using, but not yet memorialized, statutory recordkeeping requirements. By December 2016, SCRTCC will enact a recordkeeping policy comporting with state recordkeeping statutes and regulations.

3. *The annual financial report filed on Gateway for 2013, 2014 and 2015 contained a number of errors and did not properly reflect the financial activity of the Commission.*

- The Gateway reporting errors for the affected years were corrected in real-time during the audit process. As discussed above, SCRTCC has retained multi-year, professional CPA services to ensure accuracy of financial reporting to Federal, state and local agencies.

4. *In 2011, 2013 and 2014, penalties, interest and other charges were paid to the Indiana Department of Revenue in the amount of \$598.20 because payments of taxes due were not made on a timely basis. 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.*

- The SCRTCC has retained multi-year, professional CPA services to ensure that all claims and taxes are accurately computed and paid in a timely manner. In 2016, SCRTCC also enacted a policy allowing for SCRTCC Management to pay routine claims without prior SCRTCC approval (utility bills, insurance, revolving payments, etc.) avoiding late fees or other avoidable charges.

5. *The Commission Officials did not file a certified report of compensation of officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for 2011, 2012 and 2013. Also, the Commission Officials did not timely file a certified report of compensation of*

officers and employees (Form 100-R or its equivalent) with the State Board of Accounts for 2014. The report was filed on February 15, 2015, which is 15 days past the due date.

- In September 2015, the SCRTCC realigned its leadership positions and adopted a partner-based business model. Professional management of SCRTCC staff, resources, assets and processes has resulted in much greater adherence to mandatory reporting requirements. Additionally, the acquisition of professional CPA services allows for SCRTCC oversight of all Federal, state and local financial reporting requirements.

6. The Commission Board did not adopt a salary schedule establishing the compensation of officers and employees. Commission Board minutes did note pay increases for certain employees but not all. The Commission Board has generally given the responsibility for establishing the employee rate of pay to the Executive Director or Office Manager; however, no policy for that responsibility was preserved for examination.

- In September 2015, the SCRTCC dissolved the position of Executive Director and created the position of Program Manager. The SCRTCC issued a Delegation of Authority letter authorizing the Program Manager to supervise all staff-related functions. In 2016, the SCRTCC, working with the SCRTCC Program Manager and CPA, will enact a salary schedule appropriately depicting wage-grades/salaries of all SCRTC staff. SCRTCC Commissioners are not compensated, but are reimbursed for mileage and other SCRTCC official expenses.

7. In the years 2011, 2012, 2013, 2014 and 2015, 21 payments for expenses were observed which were paid without certification by the person receiving the goods or service. 7 payments were observed without certification by the fiscal officer as being audited and 21 payments being made prior to District Board approval. No resolution was presented for examination to allowed [sic] payment of claims prior to District Board approval (citing IC 5-11-10-1.6).

- Beginning in 2016, the SCRTCC developed rigorous internal controls over payments of expenses. Invoices (bills) are reviewed by the SCRTCC Program Manager, appropriately coded, and forwarded to the Program Administrator. The Administrator confirms correct coding and enter transactions into the SCRTCC general ledger. The staff and/or Commissioner receiving the good or service signs the voucher form. The voucher, invoice and printed check is reviewed and approved by the SCRTCC Treasurer and/or President. Lastly, SCRTCC's CPA reviews all monthly claims reports and provides comprehensive oversight of SCRTCC's financial processes.

8. The Commission did not have a credit card policy approved by the Board.

- The SCRTCC tightly controls its credit card usage via limited authorized users, physical control of the cards and monthly matching of receipts to the monthly credit card

statement. By December 2016, SCRTCC will enact a formal policy for credit card management.

9. *The fiscal officer did not obtain an individual surety bond or a crime insurance policy for the years 2012, 2013, 2014 or 2015.*

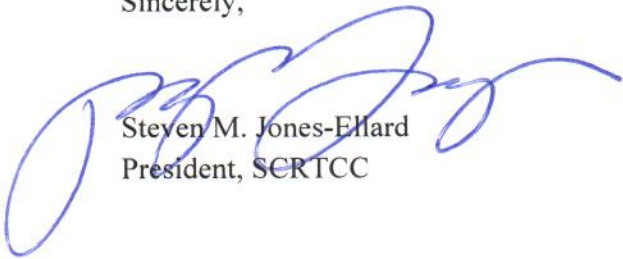
- The SCRTCC has ensured the SCRTCC Treasurer (fiscal officer) is appropriately bonded. Additionally, SCRTCC will review applicable insurance and make any needed policy adjustments to ensure SCRTCC is sufficiently covered for losses due to crime/vandalism, etc.

10. *The annual reports for 2011 and 2012 were both not filed electronically until February 27, 2014, which is 728 days and 363 days past the due date, respectively.*

- In 2015, the SCRTCC realigned its staff leadership to acquire professional management of its staff, resources, assets and processes. Additionally, SCRTCC acquired multi-year, professional CPA services to ensure that financial reporting requirements are adhered to and all financial reports are filed with Federal, state and local agencies in a complete and timely manner.

If you have any additional questions of if the SCRTCC can provide any additional information regarding our recent audit, please do not hesitate to contact Ms. Christy Morgan at 812-427-3237 or christy@switzcotourism.com.

Sincerely,



Steven M. Jones-Ellard
President, SCRTCC