

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VANDERBURGH COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
12/02/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
County Auditor:	
Federal Finding:	
Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards	6-7
Corrective Action Plan	8
Audit Results and Comments:	
Advance Payments	9
Appropriations	9
Overdrawn Cash Balances	9-10
Credit Cards	10-11
Exit Conference	12
Clerk of the Circuit Court:	
Federal Finding:	
Finding 2014-002 - Internal Controls over Financial Transactions and Reporting - Clerk of the Circuit Court	14
Corrective Action Plan	15
Exit Conference	16
County Council:	
Audit Result and Comment:	
Official Bond	18
Exit Conference	19
County Recorder:	
Audit Results and Comments:	
Bank Account Reconciliations	22
Recorder's Records Perpetuation Fund	22-23
Official Response	24-30
Exit Conference	31
County Sheriff:	
Audit Results and Comments:	
Custody of Seized Property	34
Unclaimed Property - Outstanding Inmate Trust Items	34-35
Exit Conference	36
Title IV-D Court:	
Federal Finding:	
Finding 2014-003 - Activities Allowed or Unallowed and Allowable Costs/Cost Principles	38-39
Corrective Action Plan	40-41
Exit Conference	42

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Joe Gries (Vacant) Brian Gerth	01-01-11 to 10-30-15 10-31-15 to 11-15-15 11-16-15 to 12-31-18
County Treasurer	Susan Kirk	01-01-13 to 12-31-16
Clerk of the Circuit Court	Debra G. Stucki	01-01-13 to 12-31-16
County Recorder	Z. Tuley	01-01-13 to 12-31-16
County Sheriff	Eric Williams Dave Wedding	01-01-11 to 05-23-14 05-24-14 to 12-31-18
President of the County Council	Tom Shetler, Jr. Angela Koehler Lindsey	01-01-14 to 12-31-14 01-01-15 to 12-31-16
President of the Board of County Commissioners	Joe Kiefer Bruce Ungethiem	01-01-14 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF VANDERBURGH COUNTY, INDIANA

This report is supplemental to our audit report of Vanderburgh County (County), for the period from January 1, 2014 to December 31, 2014. 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

October 4, 2016

(This page intentionally left blank.)

COUNTY AUDITOR
VANDERBURGH COUNTY

COUNTY AUDITOR
VANDERBURGH COUNTY
FEDERAL FINDING

**FINDING 2014-001 - PREPARATION OF THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

Condition

The County did not have a proper system of internal control in place to prevent or detect and correct errors and omissions on the Schedule of Expenditures of Federal Awards (SEFA). During the audit of the SEFA, there were the following errors:

1. Seven grants listed on the SEFA contained only state or local funding.
2. One federal grant was left off of the SEFA.
3. One federal grant passed money through to a subrecipient, but the amount passed-through was not indicated on the SEFA.
4. Four indirect grants had incorrect pass-through entities listed.
5. All program names on the SEFA were incorrect.
6. Fourteen pass-through entity identifying award numbers were either incorrect or omitted from the SEFA.
7. Four grants were overstated on the SEFA, while eight were understated. In total, federal expenditures were overstated by \$318,008.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310."

COUNTY AUDITOR
VANDERBURGH COUNTY
FEDERAL FINDING
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of federal expenditures on the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



BRIAN GERTH
VANDERBURGH COUNTY AUDITOR
STATE OF INDIANA

Room 208 Civic Center Complex
1 NW Martin Luther King Jr Blvd
Evansville, IN 47708-1880
Phone: (812) 435-5763
Fax: (812) 435-5344
bagerth@vanderburghgov.org

OFFICE OF THE VANDERBURGH COUNTY AUDITOR'S OFFICE

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action:
Contact Phone Number:

Brian Gerth
812-435-5763

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The County Auditor's office will correct the errors noted within the findings. The State and Local grants will be removed from the SEFA report, the proper expenditures will be correctly reported, omitted federal programs will be included, omitted program names will be added and incorrect names will be amended. The Auditor's office will require Grant awards letter and Grant agreement to insure the pass through entity names and numbers will be correct.

Anticipated Completion Date:

December 31, 2016

Brian Gerth
(Signature)

Auditor
(Title)

9/27/16
(Date)

COUNTY AUDITOR
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS

ADVANCE PAYMENTS

Payroll - All employees, except elected officials, Highway union, and part-time employees, were paid in advance of hours worked on their last payroll check issued for the year. The payroll checks issued on December 26, 2014, covered the period December 13 through December 31, 2014.

Vendor Disbursements - A contractual truancy probation vendor was paid in advance of services rendered. Payment was made to the contractor on December 19, 2014, for services to be provided for the periods December 15, 2014 to December 26, 2014, and December 29, 2014 to December 31, 2014. The contract states the contractor is to submit biweekly invoices, however, it does not state these invoices can be paid prior to the services being provided.

Compensation and any 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)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Jail Bond	2014	\$ 4,680
Reassessment - 2015	2014	586,273

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The financial statements presented in the Financial Statement and Single Audit Report of Vanderburgh County for the period of January 1, 2014 to December 31, 2014, included the following non-reimbursement grant funds with overdrawn cash balances at December 31, 2014:

COUNTY AUDITOR
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Fund	Amount Overdrawn
Sup Ct-Drug Court Discret	\$ (83,883)
Pros-TANF	(104)
Sheriff M.A.D.D.	(199)
Pros-Edward Byrne Memorial	(52,568)
Health-In Childhood Lead Prev	(29)
HMEP	(13,229)
ESREP-VHP	(2,822)
VCCC-Forensic Diversion	(9,497)
Pros-SW IN Drug Task Force	(20,599)

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)

CREDIT CARDS

The County has established policies for the use of credit cards and reimbursement of travel expenses; however, the policies were not followed in all instances. Twenty-seven credit card payments were tested that involved 211 credit card transactions. The following exceptions were noted:

1. Twenty did not have itemized receipts attached.
2. Twenty-one had receipts attached, but they were not adequately itemized receipts.
3. Five were for tipping greater than 15 percent per meal.
4. Seven were for charges less than five dollars.
5. Three did not have supporting documentation that travel was for a business purpose.
6. Thirty-two were for purposes which are not approved by the County's credit policy, such as a car wash purchase, utility bills, Medicaid billing, postage, office supplies, repairs and maintenance expenses, and grant purposes.

Additionally, the credit limit on the Superior Court II and Health Departments' credit cards was \$10,000 and the Prosecutor's Department was \$50,000 which exceeded the maximum credit limit allowed by the County credit card policy with no documentation to support the higher credit limit.

The County's Use of Credit Cards policy states in part:

"The maximum credit limit allowed will be \$5,000, unless the department provides information that supports a request for a higher limit. . . . Credit cards may be used by county officials and their designated employees only for purchases that cannot be made by normal purchase order procedures . . . Expenses of \$5.00 or less may not be charged. Charges shall be reimbursable expenses only relating to departmental operating expenses, equipment expenses, and business travel expense. . . ."

COUNTY AUDITOR
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

2. Tips

Tips charged on county credit cards are reimbursable on meals only. The maximum tip allowed is 15% per meal. . . .

Procedures for payments shall be no different for any other claim, as described in I.C. 36-2-6-2. Original, unaltered, itemized receipts must be attached and submitted timely for payment. Any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee shall be the responsibility of that officer or employee."

The County's Reimbursement of Travel Expense policy states in part:

"Any requests for reimbursement of travel expenses shall comply with the following guidelines and shall be submitted to the County Council for approval:

1. Reimbursement will be allowed only with respect to official county business."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Brian Gerth, County Auditor; Angela Koehler Lindsey, President of the County Council; and Bruce Ungethiem, President of the Board of County Commissioners.

CLERK OF THE CIRCUIT COURT
VANDERBURGH COUNTY

CLERK OF THE CIRCUIT COURT
VANDERBURGH COUNTY
FEDERAL FINDING

**FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - CLERK OF THE CIRCUIT COURT**

Condition

There was the following deficiency in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting.

Lack of Segregation of Duties: The Clerk had not separated incompatible activities related to cash and investments. The Bookkeeper for the Clerk is the only employee who prepared the bank reconciliation. There was no review or approval of the reconciliation to ensure that they were prepared accurately and completely.

Criteria

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 Courts of Indiana, Chapter 13)

Cause

Management of the County had not established a proper system of internal control over cash and investments for the Clerk.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



DEBRA G. STUCKI
CLERK OF THE COURTS

OFFICE OF THE CLERK OF THE
**Vanderburgh Circuit and Superior
Courts**

SHIRLEY J. REEDER
CHIEF DEPUTY

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Debra G. Stucki

Contact Phone Number: 812-435-5162


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: _____

After the Bookkeeper for the Clerk has completed the bank reconciliation for the month, the Assistant Bookkeeper will then review the reconciliation and approve it.

Anticipated Completion Date: _____

This correction action will begin with the balancing of the September accounts during the first week of October, 2016.



Debra G. Stucki
Clerk of the Circuit Court

STREET ADDRESS
825 SYCAMORE ST - RM. 216
EVANSVILLE, IN 47708-1886

PHONE: (812) 435-5160
FAX: (812) 435-5849

MAILING ADDRESS
POST OFFICE BOX 3356
EVANSVILLE, IN 47732-3356

CLERK OF THE CIRCUIT COURT
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Debra G. Stucki, Clerk of the Circuit Court; Brian Gerth, County Auditor; Angela Koehler Lindsey, President of the County Council; and Bruce Ungethiem, President of the Board of County Commissioners.

COUNTY COUNCIL
VANDERBURGH COUNTY

COUNTY COUNCIL
VANDERBURGH COUNTY
AUDIT RESULT AND COMMENT

OFFICIAL BOND

The County Sheriff's Surety Bond coverage was \$30,000 for calendar year 2014. The bond coverage should have been \$150,000 based on 2013 receipts.

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 . . .

(3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . county sheriffs . . . 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 . . . 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 COUNCIL
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Brian Gerth, County Auditor; Angela Koehler Lindsey, President of the County Council; and Bruce Ungethiem, President of the Board of County Commissioners.

(This page intentionally left blank.)

COUNTY RECORDER
VANDERBURGH COUNTY

COUNTY RECORDER
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the County Recorder's fund balances to the bank account balances were conducted; however, the reconciliations contained errors and did not balance for any of the months during 2014.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

RECORDER'S RECORDS PERPETUATION FUND

Expenditures for salaries and benefits for six deputies totaling \$295,979 were paid out of the Recorder's Records Perpetuation fund. The statute changed in 2014 to allow the Recorder's Record Perpetuation fund to be used for operating expenses of the County Recorder's office if certain requirements were met. However, once those requirements are met, it is the following calendar year when appropriations may be made for operating expenses of the County Recorder's office. If the requirements of the statute were met in 2014, it would be 2015 before appropriations for the salaries of the deputies could be paid out of the Recorder's Record Perpetuation fund.

Statute in effect until June 30, 2014:

Indiana Code 36-2-7-10(d) stated in part:

"The county treasurer shall establish a recorder's records perpetuation fund . . . The county recorder may use any money in the fund without appropriation for the preservation of records and the improvement of record keeping systems and equipment. Money from the fund may not be deposited or transferred into the county general fund and does not revert to the county general fund at the end of the fiscal year."

Statute in effect July 1, 2014:

Indiana Code 36-2-7-10(d) states in part:

"The county treasurer shall establish a recorder's records perpetuation fund . . . Except as provided in section 10.2 of this chapter, the county recorder may use any money in this fund without appropriation for:

- (1) the preservation of records; and
- (2) the improvement of record keeping systems and equipment: within the control of the county recorder. Money from the fund may not be deposited or transferred into the county general fund and does not revert to the county general fund at the end of the year."

COUNTY RECORDER
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 36-2-7-10.2 states:

"(a) As used in this section, 'fund' refers to the county recorder's records perpetuation fund established under section 10(d) of this chapter.

(b) A county recorder may pay all or a portion of the expenses of the county recorder's office for the following calendar year from the fund only if:

(1) the county recorder submits to the county fiscal body a sworn statement that:

(A) the current revenue to the fund is sufficient to fulfill the statutory purpose of the fund;

(B) the technology of the county recorder's office is presently updated and at a level to sufficiently meet the statutory purposes of the fund and the county recorder's office;

(C) the fund has a sufficient reserve, consistent with the recorder's plan, to capitalize the next technology or other records management upgrade necessary to fulfill the statutory purpose of the fund and the county recorder's office; and

(D) the county recorder specifically requests that all or a specific, identifiable portion of the fund be used to pay the expenses of the county recorder's office for the following calendar year; and

(2) the county fiscal body adopts an ordinance approving the recorder's request under subsection (c).

(c) Upon receiving the county recorder's sworn statement, the county fiscal body may adopt an ordinance approving the county recorder's request. If the ordinance is adopted, the county fiscal body shall, if specifically requested by the recorder for the following calendar year, approve sufficient money from the fund. The county fiscal body may not approve any more money from the fund for any purpose in excess of that requested by the county recorder.

(d) A county recorder's request and the county fiscal body's approval are valid for only the following calendar year. The requirements of this section must be met for each calendar year."

SBOA – Official Response

BANK ACCOUNT RECONCILIATIONS

An error in one of the balancing reports in 2012 yielded an overage due the General Fund. Upon the change in computer systems, the dissolution of all external charge accounts occurred and new escrow only accounts were established. Currently the escrow balance has not remained steady due to another accounting system error. The project to discover all instances of balancing exceptions in the escrow accounts is being reviewed. The amount due to the general fund is in question until the escrow software vendor can determine the exact nature of the error. It will be reconciled by the end of 2016.

RECORDER'S RECORDS PERPETUATION FUND-Expenditures for salaries and benefits totaling \$295,979.00

As a vacancy came open, the County Council arbitrarily decided to require the office to pay for technology costs in the amount of \$91,500.00 for each of the three previous years to fill that vacancy. No other office was required to similarly contribute. Then in the 2013 Budget hearings for the 2014 calendar year, due to the preservation efforts I was making, County Council threatened to cut staff again, unless their salaries, PERF, and insurance totaling \$295,979.00, were paid out of the Recorder's Perpetuation Fund (Exhibit A). I presented to the County Council an email of SBOA opinion, expressing their exception of the requirement from Tammy White (Exhibit B). They ignored it. I had no other option but to pay the salaries or lose 60% of my staff. I wanted to fulfill my duties to run the office and serve the public effectively, which could not be accomplished with only 40% staff.

The amount I offered, which I felt met the requirements of IC Code 36-2-7-10.2, was not enough in the opinion of Council. Although this is not the method outlined in this code, the County Council and the Auditor perform "annual reviews" the Recorder's Perpetuation fund and determine the amount the Recorder will spend on employee compensation, to their satisfaction. Consequently, I was presented with no alternative but to pay the demanded amount. This practice also does not conform to IC Code 36-2-7-10.2.

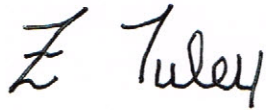
For me to uphold my responsibility to one statute, I was forced by my county's financial body to violate to another.

Full Definition of *extortion*

1. *1* : the act or practice of extorting especially money or other property; *especially* : the offense committed by an official engaging in such practice
2. *2* : something extorted; *especially* : a gross overcharge

2014 IT Services	\$ 91,500.00
2014 Employees	<u>\$295,979.00</u>
2014 Total	\$387,479.00

This is just for the 2014 year, not mentioning how much Council has demand in previous years or years since 2014. Even armed with State Legislation, that specifically states Recorders are to perform their duties of preservation, the County Council has not and will not allow this office to do so without their decided plans for how much of the Perpetuation fund will be spent for the benefit of their County General fund. This was/is not in compliance with IC 36-2-7-10(d).



Z Tuley
Vanderburgh County Recorder

look at utilizing that particular account for offsetting the costs that are going to the General Fund, to the tune of at least \$300,000. Again, it's being done by at least 12 counties, and there may be more, because this has just been a very early, preliminary inspection or report that I've done looking over what the other counties in this state are doing. When we are running a deficit and need to be looking for something like three million dollars to shore up our budget, I see no reason why we allow one person to be spending, at this kind of level, particularly when you get into office furniture and we're spending a half a million dollars on saving the old records at a time that we're looking at laying people off and we need that money into our General Fund. I see absolutely no excuse for that kind of misspending.

Z. Tuley: The chairs were not safe. You can't have the public sitting in an unsafe chair.

President Shetler: We have the public in the courts system, we have the public in the Clerk's office, about every department—

Z. Tuley: Were their chairs falling apart like mine were?

President Shetler: – that you have that, that has some kind of fee system. Pardon?

Z. Tuley: Were their chairs falling apart like mine were? You know no one would take them they were so bad. No one would take them. They went in the dumpster, as far as I know.

President Shetler: Alright.

Councilman Raben: Okay. Pete?

Councilman Swaim: Mrs. Tuley, we don't deny you any chairs or computer screens that big, if you need them, but, you know, just the basic point is, we're not trying to burgle that account of yours, but if there's some money that you could cut loose that we could use for other things for this year's budget, we would be most appreciative.

Z. Tuley: I will keep that in mind, but I don't know how that I can do that.

President Shetler: Well, my recommendation is not really in asking—

Z. Tuley: Because of the State—

... and they did

President Shetler: – my recommendation is that we cut this budget by \$300,000, and then if she wants it made up, she'll make it up out of that Perpetual Fund. Now, these other counties are actually, what they're doing is setting up a separate fund, over to the side there, and that money is directly coming out of there. The same way we would do COIT or anything else. So, that that money is actually coming out of that fund and directed for that so that we can monitor and police that. Right now we are

Z. Tuley: Were their chairs falling apart like mine were? You know no one would take them, they were so bad. No one would take them. They went in the dumpster, as far as I know.

President Shetler: Alright.

Councilman Raben: Okay. Pete?

Councilman Swaim: Mrs. Tuley, we don't deny you any chairs or computer screens that big, if you need them, but, you know, just the basic point is, we're not trying to burgle that account of yours, but if there's some money that you could cut loose that we could use for other things for this year's budget, we would be most appreciative.

Z. Tuley: I will keep that in mind, but I don't know how that I can do that.

President Shetler: Well, my recommendation is not really in asking—

Z. Tuley: Because of the State—

President Shetler: — my recommendation is that we cut this budget by \$300,000, and then if she wants it made up, she'll make it up out of that Perpetual Fund. Now, these other counties are actually, what they're doing is setting up a separate fund, over to the side there, and that money is directly coming out of there. The same way we would do COIT or anything else. So, that that money is actually coming out of that fund and directed for that so that we can monitor and police that. Right now we are not monitoring and policing that, we're just getting receipts in for money that's being spent, in what I would regard is in very foolish ways.

Z. Tuley: That is because that's the way the law is set up statewide, the Recorder's Perpetuation Fund is not at, oh, I forget the term, I don't need the Council's permission to use the funds to preserve and protect the records. That's exactly what I'm doing with that money.

Councilmember Bassemier: Mr. President? We're beating up on her pretty bad here. She says you can't do it, and you're saying maybe we can. Can I suggest that the attorney check it out and see if she can legally, or whatever we can take that money out of that fund you're talking about.

Z. Tuley: I would be happy to ask the State Board of Accounts to come down from Indy, or I would be happy to accompany any one, or all of you, to Indy to

past Treasurer and everything, our really financial difficulty, difficult times that we're involved in right now. So, anything that any department can do to help, we would appreciate that. I do question the office furniture though for other departments. I'm not sure that is correct, as far as no other furniture being bought in other offices, or purchased, but that's for another day. Thank you.

* Councilman Raben: Okay, just one quick comment. Z, I've expressed this before in your office. It's been a few years ago, probably two or three years ago, but and I wasn't aware until this morning that you had actually begun this project on the half million dollars, but, you know, I concur with Councilman Shetler. I think it is an extreme waste of a half million dollars to preserve-

Z. Tuley: That's my job description, Jim.

Councilman Raben: - or to spend that money on preserving-

Z. Tuley: That's my job description.

Councilman Raben: - those old books, that never leave the shelf.

Z. Tuley: It says preserve the records. It doesn't say-

Councilman Raben: We're not preserving the Constitution, or the Gettysburg Address or something like that. *really?*

Z. Tuley: - you can eliminate the old ones.

Councilman Raben: We're talking about old books that collect dust on a shelf that are never opened. So, I mean, I concur with his concerns in that regard. So, whatever we can do to help offset the property tax, you know, the county General Fund that is funded by property tax, whatever we don't use funds like this on, reflect everybody's property tax bill.

Z. Tuley: Per the State law, you already get a half a million dollars from the fees that I collect.

Councilman Raben: I understand that.

Z. Tuley: Which is more than I get.

Councilman Raben: But we do need to look for ways to help offset, and how that is, I don't know. We're not going to decide that today, but, whatever it is, we need to look at that avenue.

From: White, Tammy [<mailto:twhite@sboa.IN.gov>]

Sent: Wednesday, June 12, 2013 3:53 PM

Subject: RE: Perpetuation Fund

IC 36-2-7-10(d) states in part: “...The county recorder may use any money in this fund without appropriation for the preservation of records and the improvement of record keeping systems and equipment. Money from the fund may not be deposited or transferred into the county general fund and does not revert to the county general fund at the end of the fiscal year.” **It is our audit position that the County Recorder’s compensation is not the preservation of records or improvement of record keeping systems and equipment. Therefore, it is our position, the County Recorder’s claims for compensation to be paid from this fund is not in compliance with this Indiana Code.**

*Tammy R. White, C.P.A.
IN State Board of Accounts
302 W. Washington Street, Suite E418
Indianapolis, IN 46204
Ph: (317) 232-2512
Fax: (317) 232-4711
email: twhite@sboa.in.gov*

October 13, 2016

RECORDER'S RECORDS PERPETUATION FUND

Expenditures for salaries and benefits for six deputies totaling \$295,979 were paid out of the Recorder's Records Perpetuation.

Official Response to Recorder ARC 2014 :

.The County Council believed that the proposed expenditures at the time of budget approval were appropriate expenditures from the Recorder's Perpetuation Fund.

Angela Koehler Lindsey
President
Vanderburgh County Council
812-457-3739

COUNTY RECORDER
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Z. Tuley, County Recorder; Brian Gerth, County Auditor; Angela Koehler Lindsey, President of the County Council; and Bruce Ungethiem, President of the Board of County Commissioners.

(This page intentionally left blank.)

COUNTY SHERIFF
VANDERBURGH COUNTY

COUNTY SHERIFF
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS

CUSTODY OF SEIZED PROPERTY

Funds seized by the Southwest Indiana Drug Task Force are held in the custody of the Prosecuting Attorney per a Memorandum of Understanding between the Prosecuting Attorney, the Vanderburgh County Sheriff's Office, and other local law enforcement agencies. However, there is no Court order or statutory authority in place to authorize the delegation of custody of these funds to the Prosecuting Attorney.

Indiana Code 34-24-1-2(b) states:

"When property is seized under subsection (a), the law enforcement agency making the seizure may, pending final disposition:

- (1) place the property under seal;
- (2) remove the property to a place designated by the court; or
- (3) require another agency authorized by law to take custody of the property and remove it to an appropriate location."

UNCLAIMED PROPERTY - OUTSTANDING INMATE TRUST ITEMS

The County Sheriff maintains a separate bank account for uncashed inmate trust fund checks issued prior to January 1, 2011. The balance in this bank account was \$24,801 at December 31, 2014. The County Sheriff's office was unable to provide a detailed listing of the checks that make up this balance; therefore, the payees are unknown. In addition, the active Inmate Trust fund bank account included 866 uncashed checks on its outstanding check list that were more than one year old. The balance of these outstanding checks was not paid or delivered to the Unclaimed Property Division in the Office of the Attorney General.

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times:

COUNTY SHERIFF
VANDERBURGH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

. . . . (7) For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable. . . ."

Indiana Code 32-34-1-26 states in part:

"(a) A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate.

(b) For each item with a value of at least fifty dollars (\$50), the report required under subsection (a) must be verified and must include the following:

(1) The apparent owner's:

(A) name, if known;

(B) last known address, if any; and

(C) Social Security number or taxpayer identification number, if readily ascertainable. . . ."

Indiana Code 32-34-1-27(a) states: "Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed. . . ."

COUNTY SHERIFF
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Brian Gerth, County Auditor; Angela Koehler Lindsey, President of the County Council; and Bruce Ungethiem, President of the Board of County Commissioners.

The contents of this report were discussed on October 4, 2016, with Dave Wedding, County Sheriff.

TITLE IV-D COURT
VANDERBURGH COUNTY

TITLE IV-D COURT
VANDERBURGH COUNTY
FEDERAL FINDING

**FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED
AND ALLOWABLE COSTS/COST PRINCIPLES**

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): Title IV-D Court 2014

Pass-Through Entity: Indiana Department of Child Services

Condition

An effective internal control system was not in place within the County's Title IV-D Court in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The Title IV-D Court did not have adequate internal controls to ensure that all expenditures charged to this program were for allowable activities and were allowable costs. There were 16 instances of expenditures for unallowed activities and unallowable costs included in the four reimbursement requests tested for the Title IV-D Court. The unallowed activities and unallowable costs included the following:

1. Travel expenses, including hotel and mileage, for a judge to attend an annual juvenile judge's conference.
2. Juvenile drug screens for cases not related to Title IV-D.
3. Competency evaluations for cases not related to Title IV-D.
4. A forensic evaluation for a case not related to Title IV-D.
5. Letter head stationary for a judge.
6. Business cards for probation officers.
7. Travel expenses, including hotel and/or per diem for three new probation officers and one new independent truancy probation contractor to attend a juvenile probation related conference.
8. Registration fees for 13 probation officers to attend a child abuse conference.

Criteria

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. . . ."

TITLE IV-D COURT
VANDERBURGH COUNTY
FEDERAL FINDING
(Continued)

45 CFR Section 304.20(b) states in part: "Services and activities for which Federal financial participation will be available shall be those made pursuant to the approved title IV-D State plan which are determined by the Secretary to be necessary expenditures properly attributable to the Child Support Enforcement program . . ."

OMB Circular A-87, Attachment A, Subpart C states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards. . . ."

Cause

There was not an adequate internal control system in place to prevent, or detect and correct, expenditures made for unallowable activities and unallowable costs charged to the program.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the County.

Questioned Costs

There were no questioned costs.

Recommendation

We recommended that the County's Title IV-D Court management establish controls related to the grant agreement and compliance requirements listed above.

We also recommended the County establish procedures to review federal compliance requirements to ensure expenditures are compliant with the grant agreement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

VANDEBURGH SUPERIOR COURT

Courts Building
825 Sycamore Street
Evansville, IN 47708

ROBERT J. TORNATTA, Judge
Room 225

ROBERT J. PIGMAN, Judge
Room 122

MARY MARGARET LLOYD, Judge
Room 120

WAYNE S. TROCKMAN, Judge
Room 118

LESLIE C. SHIVELY, Judge
Room 218

BRETT J. NIEMEIER, Judge
Room 129 Admin. Bldg.

RICHARD G. D'AMOUR, Chief Judge
Room 116

JILL R. MARCRUM, Magistrate
Room 126E

SHEILA M. CORCORAN, Magistrate
Room 126F

J. AUGUST STRAUS, Magistrate
Room 126G

JEFFREY T. SHOULDERS, Magistrate
Room 126H

RENEE A. FERGUSON, Magistrate
Room 129 Admin. Bldg.

KRISTINA H. WEIBERG, Court Administrator
Room 114

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Judge, Robert J. Pigman
Contact Phone Number: 812-435-5411

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

As a result of the audit conducted by the State Board of Accounts, it was brought to the attention of the Judges of Superior Court that there was not a proper system of internal controls in place to prevent or detect and correct that the expenditures charged to the Title IV-D program were either allowable activities or allowable costs. The Office of the Court Administrator should have proper controls in place to ensure that the Monthly Expense Claims are prepared properly by our principal consultant, MAXIMUS, prior to being e-mailed to DCS. Without a proper system of internal control in place, unallowable activities and unallowable costs could continue to be charged to the Title IV-D program undetected.

The issue of implementing a proper system of internal controls to prevent, detect and correct errors on the Monthly Expense Claim will be corrected in the following manner:

- 1.) The County Auditor provides MAXIMUS with the monthly total expended in pre-determined line items; in addition to this, the Office of the Court Administrator will provide MAXIMUS with a copy of their Accounts Payable spreadsheets for that fiscal month, with unallowable expenditures indicated with a ~~strikethrough~~.
- 2.) In addition to the Monthly Expense Claim and the Expense Breakout by Fund, Superior Court is going to request from MAXIMUS, going forward, a copy of the Financial Detail to ensure that the expenditures are being reported as indicated by the Court.
- 3.) The Assistant to the Court Administrator will be required to log into the Child Support Resources website at least once per month to review forms, documents, etc. and to update Judge Pigman on any changes made in the Title IV-D program.

- 4.) These internal controls will continue each and every year to ensure that the expenditures reported on the Monthly Expense Claims are in compliance with the grant agreement and requirements of the Title IV-D program, and whereby errors or noncompliance could be prevented, detected, or corrected on a timely basis.

Anticipated Completion Date: September 26th, 2016

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Pigman", with a long horizontal flourish extending to the right.

Robert J. Pigman
Judge, Vanderburgh Superior Court

TITLE IV-D COURT
VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2016, with Honorable Robert J. Pigman, Superior Court Judge; Laura Tomes, Court Administrator's office; Brian Gerth, County Auditor; Angela Koehler Lindsey, President of the County Council; and Bruce Ungethiem, President of the Board of County Commissioners.