

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

AUDIT REPORT
OF
BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
12/31/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Result and Comment: Erroneous Payments	4-5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board of County Commissioners	Edward Meyer	01-01-07 to 12-31-08
President of the County Council	David Abbott	01-01-07 to 12-31-08



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 CLARK COUNTY

We have audited the records of the Board of County Commissioners for the period from January 1, 2007 to December 31, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result and Comment. The financial transactions of this office are reflected in the Annual Report of Clark County for the year 2007.

STATE BOARD OF ACCOUNTS

December 8, 2008

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULT AND COMMENT

ERRONEOUS PAYMENTS

Controls for payments on contracts by the County were insufficient to prevent duplicate payments and payments made from wrong funds. The follow are examples of erroneous payments that we identified:

Duplicate Payments:

1. Duplicates payments in the amount of \$74,179 were made to Bernardin, Lochmueller and Associates (BLA) for the Ohio River Bridges Project. The duplicate payments were processed from the same invoice and paid from different funds. The duplicate payments resulted from the County having two separate areas for processing project payments. The payments were processed by both River Hills Regional Planning Commission (grant administrator) and by the Administrative Assistant to the Board of County Commissioners.

The duplicate payments were not identified by the County. The duplicate payments were identified by the vendor and refunded by the vendor.

2. Duplicate payment was made on a contract with Shaw Environmental, Inc., from Fund 277, Landfill Improvements (Fund 277), in the amount of \$214,455. The error resulted from invoices and accounts payable vouchers being submitted for payment by two separate processing streams. The accounts payable voucher paid on September 21, 2007, was certified by Edward Meyer, President of the Board of County Commissioners. The accounts payable voucher paid on September 26, 2007, with the original invoice attached, was certified by the Hyun Lee, County Highway Engineer.

The duplicate payment was not identified by the County. The duplicate payment was identified by the vendor and refunded by the vendor.

The duplicate payments were also caused by a project ledger not being used to monitor contract payments with approved change orders and contract amounts.

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, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
AUDIT RESULT AND COMMENT
(Continued)

Payments Made from the Wrong Fund:

1. Payments totaling \$59,813 on the Ohio Rivers Bridges Project were paid from the wrong fund.
2. Payments totaling \$45,734 on various road project contracts were paid from funds other than the funds where the grant reimbursements were received to.

The County does not have a system in place to monitor the matching of project expenditures and the specific revenue sources received to finance those expenditures.

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 Auditors of Indiana, Chapter 14)

We recommend that County Auditor and the Board of County Commissioners implement an internal control system that assigns only one employee or agent to initiate the processing of contract payments and to implement a recordkeeping system that will monitor contract payments with approved contract and change order amounts. We also recommend that an internal control system be implemented that would assign an employee or agent to monitor the payment of project expenditures from funds established to finance those expenditures.

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 8, 2008, with Edward Meyer, President of the Board of County Commissioners and on December 11, 2008, with David Abbott, President of the County Council; and Jack Coffman, Vice-President of the County Council.