

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

EXAMINATION REPORT
OF
COUNTY PARKS AND RECREATION
WASHINGTON COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
11/18/2011

*This report was originally filed on
11/18/2011. It is being reissued on
01/17/2012 to include the Official
Response, which is on pages 8 and 9.*

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Parks and Recreation Manager	Christopher L. Strange	01-01-10 to 12-31-10
	Vacant	01-01-11 to 02-27-11
	Jerome Losson	02-28-11 to 12-31-11
President of the County Parks and Recreation Board	Charles Williams	01-01-10 to 12-31-10
	Lester Sowder	01-01-11 to 12-31-11
President of the County Council	James Day	01-01-10 to 12-31-10
	Mark Manship	01-01-11 to 12-31-11
President of the Board of County Commissioners	John Mishler	01-01-10 to 12-31-10
	John D. Fultz	01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON COUNTY

We have examined the records of the County Parks and Recreation for the period from January 1, 2010 to December 31, 2010, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Financial Statement Examination Report of Washington County for the year 2010.

STATE BOARD OF ACCOUNTS

September 15, 2011

COUNTY PARKS AND RECREATION
WASHINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

The County Parks and Recreation Department accounts for its collections from the gate house, camp store, and restaurant through the use of cash registers. At the end of each day a report is ran from each collection point providing totals by sales type, total collections, and the form of collections such as cash or credit. The totals by sales type such as gate admissions, boat rental, etc., from the gate house and camp store, along with food sales from the restaurant are posted to a "Daily Collection Log" in lieu of the prescribed Form 358 - Ledger of Receipts, Disbursements, and Balances. Daily deposits are not being reconciled to the "Daily Collection Log". Instances were also noted in which cash register reports were not retained for examination.

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 Counties of Indiana, Chapter 1)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate reports and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Guidelines Manual for Counties of Indiana, Chapter 1)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CONDITION OF RECORDS

Disbursements to pay utilities were paid from the following appropriations: Food Supplies, Food Facility Supplies, Food Preparation Equipment, Rental Facility Supplies/Equipment, Motor Vehicle Parts & Supplies, Waterfront Equipment, Tools, Crushed Stone, Fuel, Printing, Legal Services, Building Repairs, Equipment/Radio Repair, Mowing Equipment Update, and Vehicle Update. Other instances were noted in which an emergency room visit for a jail inmate hurt working while on release at Delaney Park was paid from the Food Supplies appropriation. Electrical repairs were paid from appropriations for Food Supplies and Uniforms. Legal services were paid from the appropriation for Equipment\Radio Repair. Air conditioners were repaired at the pavilion and restaurant and were paid from the appropriation for Utility Vehicles and Food Facility Supplies. Water Testing was paid from the Food Facility Supplies and Boat Update appropriations.

COUNTY PARKS AND RECREATION
WASHINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

PETTY CASH AND CASH CHANGE FUNDS

As of December 31, 2009, the records indicated the County Parks and Recreation had a petty cash fund of \$500 and cash change fund of \$450. On January 14, 2011, Chris Strange, former Parks and Recreation Manager, turned over the remaining cash on hand of \$348.00 and receipts totaling \$604.40 to the County Parks and Recreation Board Attorney. The receipts consisted of a payment to HughesNet for two months high-speed internet service and to Uniform & Accessories Warehouse for five 2-way radios. Although these payments should have gone through the normal disbursement process and been approved by the Parks and Recreation Board, Chris indicated that he paid these bills personally and then reimbursed himself from the petty cash and cash change funds. On April 12, 2011, the County Parks and Recreation Board Attorney remitted a check for \$348 to the County Auditor with the description "Park Petty Cash & Cash Box Money Turned Over by Chris Strange".

The new Parks and Recreation Manager started on February 28, 2011, and at that time a new petty cash fund was established. On March 18, 2011, Warrant 83988 was written for \$500 from the Parks Non-reverting Fund to establish the new petty cash fund. A cash count of petty cash performed on July 25, 2011, noted \$521 in cash and receipts, resulting in an overage amount of \$21. The current Parks and Recreation Manager was informed that proper controls should be in place to insure that petty cash and cash change funds are properly accounted for at all times.

Indiana Code 36-1-8-2 states:

- "(a) The fiscal body of a political subdivision may permit any of its officers or employees having a duty to collect cash revenues to establish a cash change fund. Such a fund must be established by a warrant drawn on the appropriate fund of the political subdivision in favor of the officer or employee, in an amount determined by the fiscal body without need for appropriation to be made for it.
- (b) The officer and employee who establishes a cash change fund shall convert the warrant to cash, shall use it to make change when collecting cash revenues, and shall account for it in the same manner as is required for other funds of the political subdivision.
- (c) The fiscal body shall require the entire cash change fund to be returned to the appropriate fund whenever there is a change of the custodian of the fund or if the fund is no longer needed."

COUNTY PARKS AND RECREATION
WASHINGTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-8-3 states in part:

"(b) The custodian of a petty cash fund shall use it to pay small or emergency items of operating expense. A receipt shall be taken for each expenditure made from the fund. (c) The custodian of a petty cash fund shall periodically file a voucher, with all original receipts totaling the cash claimed expended being attached to it, so that the fund can be reimbursed for expenditures from it. Reimbursement must be approved and made in the same manner as is required for other expenditures of the political subdivision."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY PARKS AND RECREATION
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2011, with Jerome Losson, County Parks and Recreation Manager; Lester Sowder, President of the County Parks and Recreation Board; and Tia Batchelor, Bookkeeper.

The contents of this report were also discussed on September 15, 2011, with John D. Fultz, President of the Board of County Commissioners; and Merwyn Fisher, Vice President of the County Council.

The contents of this report were also discussed on October 27, 2011, with Christopher L. Strange, former Parks and Recreation Manager. The official response has been made a part of this report and may be found on pages 8 and 9.

12-14-11

This letter is in response to the audit report from the 2010 season.

Internal controls:

There were many people that had their hands on the money at Delaney Park. I was the manager at the time and thus, it falls back on me. There was an order to z the cash drawers every day at the close of business. This did not always happen for different reasons. I would do it as soon as I found out it had not been completed. Everything that was taken in was deposited in the bank account at PNC Bank in Salem, Indiana. I worked hard to make sure this was taken care of daily. All the proper and necessary paper work was ready for inspection when I vacated the property on Jan, 1, 2011.

Condition of the Records:

All of the records were ready for inspection when I left on Jan 1, 2011. I had been performing the same duty for 11 years and had no reason to change things at that time. According to Mr. Chuck Williams, 2010 Park Board President, Ms. Rhonda Sowder, the wife of Mr. Lester Sowder, the incoming Park Board President for 2011, took an undetermined amount of records out of the office after I was gone. Mr. Williams witnessed this and was told that they needed them to verify cost. I feel sure that these records were removed in order to make things look bad for me. I know that all records were in order when I left, because the assistant manager of the park, T. Batchelor had prepared the record and together we had checked them and left them there when I turned over the keys to Chuck Williams. Other staff at Delaney also had access to the house and park office after I vacated the property. Since I was not present when records were removed, I have no knowledge of what was taken or why.

Petty cash and cash change funds:

This is a very hard situation to deal with; I had worked very hard to make things right for the board and the state board of accounts. Petty cash always worked differently at Delaney Park. I had turned in every receipt and every penny until I left the park in January of 2011. I did not trust Lester Sowder and, therefore, turned those receipts in to the park board Attorney, Mr. D. Wright. It is no secret that Mr. Sowder and I do not have a good relationship and he has made many attempts to destroy my reputation and even attempted to have me arrested on occasions for various things. I have been thoroughly investigated of the allegations Mr. Sowder accused me of and cleared of any wrong doing by the Indiana State Police and a special investigator from another county in order to assure that no bias influenced the outcome of the investigation.

As it stands, both Doug Hoskins and Lester Sowder have their own agenda for the park and it does not include making sure the park does well in any form or fashion. The park board never felt that it could afford to spend the kind of money that needed to be spent to satisfy the state board of accounts. I always worked with what was given to me, to make the best of a bad situation.

Sincerely,

Christopher L. Strange, MSM.