B40236

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, 2010 to December 31, 2010

FILED

03/23/2012

TABLE OF CONTENTS

COUNTY OFFICIALS

Office	Official	Term
President of the County Council	Jack Coffman	01-01-10 to 12-31-10
	Kevin Vissing	01-01-11 to 12-31-11
	Barbara Hollis	01-01-12 to 12-31-12
President of the Board of County Commissioners	M. Edward Meyer	01-01-10 to 12-31-11
	Les Young	01-01-12 to 12-31-12

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, 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 Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Clark County for the year 2010.

STATE BOARD OF ACCOUNTS

December 13, 2011

INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards is required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, and Local Governments, and Non-Profit Organizations" for entities expending federal funds in excess of $500,000 in order to summarize the use of federal monies received. The following deficiencies were identified with controls over financial activity for federal funds:

1. The County did not have procedures in place whereby grants applied for by the various County Departments and approved by the Board of County Commissioners were summarized and the information coordinated with the County Auditor's office in order for financial activity associated with grant funds awarded to be adequately identified in the financial records.

   Problems with controls over financial reporting for grant programs are illustrated as follows using Highway Planning and Construction grants as an example.

   Grant monies received for various road projects associated with the Highway Planning and Construction grants were combined into one receipt category in the financial ledgers titled "project reimbursements" instead of having a separate receipt category for each grant project in order to properly report the activity for each grant project and readily identify the source of funding as federal.

   Disbursement activity associated with the grant projects was posted to one expenditure category titled 'projects' instead of breaking out the disbursements separately for each project for ease in identification and reporting as a federal grant project.

   The financial activity was not adequately categorized to clearly indicate the monies were associated with federal awards to ensure the financial activity was properly identified for reporting on the Schedule of Expenditures of Federal Awards. The State Board of Accounts had to bring it to the County's attention that these were federal grant monies based upon information obtained from the Indiana Auditor of State regarding monies passed through to the County. In order to properly identify grant activity for each project, information had to be abstracted from the various claims for reimbursements filed by the County with the State.

2. Procedures were not in place for those departments that kept supplemental grant records whereby the department's supplemental grant records were reconciled with the financial activity recorded in the County Auditor's financial records.

3. Procedures were not in place for the proper identification and reporting of federal monies received related to the various Child Support Enforcement projects (clerk expenditures; prosecuting attorney expenditures, etc.). Information was also not available to properly identify monies received by the County related to the Child Support enforcement program as described below:

   (a) The State of Indiana reimburses the County for various Child Support Enforcement projects. Remittance notices were sent to the County by the State of Indiana that identified the various types of Child Support Enforcement revenue sources. The County receipted these monies to its records into one revenue category that did not break down the source of the revenue as to project and as to source of funding (federal or state). In addition, the County did not retain the information provided by the State of Indiana showing the breakdown of the monies received.

(b) The County departments responsible for filing reports for reimbursements of expenditures did not have procedures in place whereby monies received were reconciled with expenditures made and filed for reimbursement. As a result, the County departments could not identify which expenditures had or had not been reimbursed. Information had to be obtained by the State Board of Accounts from the Indiana Department of Child Services in order to identify and report the activity in the Schedule of Expenditures of Federal Awards.

4. Federal grant monies related to federal stimulus funds (ARRA) were not identified separately from other federal grant monies as required under the federal grant programs.

As a result of not having procedures in place to ensure the proper classification and recording of financial activity in the County Auditor's financial records, the County runs the risk of improper reporting of federal funds on the Schedule of Expenditures of Federal Awards and weakens its ability to effectively monitor grant compliance requirements.

We recommended the County implement a system in which one individual is responsible for coordinating grant activity for the County. Information related to grants, such as grant agreements and financial reports, should be retained in one central location to facilitate consolidated reporting of federal grant financial activity.

Additional training should be provided to personnel and control procedures should be implemented to ensure accuracy in financial reporting.

Circular A133 Subpart C section .300(a) states the auditee shall: "Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity."

Circular A133 Subpart C section .300(b) states the auditee shall: "Maintain internal control over Federal programs that provide 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."

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)

A similar comment was reported in prior Report B38285.

ACCOUNTING FOR CAPITAL ASSETS

Based upon our review and testing of accounting controls, and our discussion with County personnel, the following deficiencies were noted regarding the County's controls over capital assets:

1. Formal procedures are not in place whereby the County departments notify the County Auditor's office of assets purchased and provide the necessary information to properly identify the asset for inclusion on the County's capital asset record. As a result, not all assets are being included on the County's capital asset records. Failure to properly identify assets owned by the County could result in assets not being properly insured in event of a loss.

2. Procedures do not exist whereby County departments notify the County Auditor's office of asset disposals. Failure to identify assets disposals results in the overstatement of assets per the County's capital asset records and the potential for additional cost of insurance for assets the County no longer owns.

3. No information was presented for audit to indicate that an inventory of assets was performed and compared to the capital asset records in recent years. Failure to perform an inventory of capital assets and compare it with its records weakens the County's ability to identify problems with assets losses due to theft and to ensure proper insurance coverage of its assets.

4. Asset tags are not used to identify property owned by the county and for identification in its capital asset records. Asset tags are used to readily identify property that is owned by the County and to provide an identification system for assets that do not have another unique identification number, such as, a serial number. Failure to utilize a tagging system jeopardizes the County's ability to properly identify assets on hand with the assets reported on its records and increases the risk of theft due to properly identifying the assets as belonging to the County.

5. Projects ledgers are not properly maintained for constructions projects in order to allow for the cost of the project assets to be incorporated in the County's capital asset records at the completion of the project.

6. The County does not have a system in place whereby assets that are highly susceptible to theft due to their size and nature and are not of a significant value to be included in its formal capital asset record are properly identified. Failure to have properly controls over assets could result in the loss of the items and the additional expenses to the County for replacement.

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 managements' 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)

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CONTRACTS

The County withheld 10 percent of the Local Option Income Tax Distributions (LOIT) from each municipality located in Clark County without a contract or written agreement. The amounts withheld were receipted into a separate fund (Fund 419) and used to support expenditures for the County-wide 911 emergency dispatch system.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

FAILURE TO APPROPRIATE FUNDS

The Board of County Commissioners (Board), by statute, is responsible for the construction, management and oversight of the County's jail facilities. Costs for the operation of this facility are paid from the County's General Fund which includes, but is not limited to, the cost of staffing, utilities and housing of prisoners. Services are also provided through the jail facilities to outside Federal, State and local entities for the housing of prisoners and housing related expenses. The County bills these Federal, state and local entities for these services, and historically, had receipted these monies into the fund from which the costs were paid, the General Fund.

On January 25, 2007, the Board adopted Ordinance 3-2007 creating the Clark County Adult and Juvenile Facilities Usage Fund. The Fund, as established, had no financial activity until the year 2008. Based on the Ordinance, funding will be all monies received from external government agencies (Federal, State, local or other) for rental of space (housing of prisoners) in the adult jail or juvenile detention center and other reimbursements received by the County Sheriff. The Ordinance further states that the fund may be expended, only upon approval by the Board in writing, without the necessity of further appropriation for County facility repairs, maintenance, oversight, equipment and any other public expenditure deemed necessary to the public interest by the Board.

Reimbursements received during the year 2010 and receipted into the Clark County Adult and Juvenile Facilities Usage Fund from Federal, State, and local entities for the housing of prisoners and prisoner related costs, and a transfer from other county funds totaled $1,547,584. Disbursements made without appropriation from this Fund were as follows:

Sheriff's Dept./Jail Facility Operational Costs and Equipment	$ 2,096,925

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

Indiana Code 36-1-2-6 defines fiscal body as the county council.

Indiana Code 36-1-3-6(a) (Home Rule Statute) states: "If there is a constitutional or statutory provision requiring a specific manner for exercising a power, a unit wanting to exercise the power must do so in that manner."

The County Bulletin and Uniform Compliance Guidelines, October 2001 states the following:

"A unit may exercise its Home Rule powers whenever it is "necessary or desirable" to exercise any power, perform any function, provide any service - - and create the structural elements or procedures to do so - - and;

(1) the laws and constitutions of the state and federal governments do not expressly or implicitly prohibit or preempt it from doing so; and

(2) state law does not already provide for exercising the power, providing the service, or performing the function or state law does provide for the foregoing but does not mandate any procedures to follow in implementing it."

There may be other laws under which funds may be disbursed without appropriation; however, appropriations are required before disbursements may be made from any fund subject to the Budget Laws unless specific authority to disburse without appropriation is provided by law. (The County Bulletin and Uniform Compliance Guidelines, April 2000)

A similar comment was reported in prior Reports B37129 and B38285.

CUMULATIVE CAPITAL DEVELOPMENT FUND EXPENDITURES

The following is a review of expenditures paid from the Cumulative Capital Development Fund:

Expenditures Based on Declaration of Emergencies

A review of the budget order from the Indiana Department of Local Government Finance showed no budget had been approved for the Cumulative Capital Development Fund for the year 2010. A review of expenditures paid from the Cumulative Capital Development Fund showed the payment of operating type expenditures that would normally be appropriated and paid from the General Fund or one of the County's special revenue funds. The following are examples of expenditures paid from the Cumulative Capital Development Fund based on declaration of emergency declared by the Board of County Commissioners during the year 2010:

Description of Expenditure	Amount Expended
Workman's Compensation Insurance	$ 172,936
Liability Insurance	109,045
Matching Funds for Grant	21,591
Reassessment	313,310
Total	$ 616,882

The minutes did not state and no documentation was presented for audit supporting why operating type expenditures would require the declaration of an emergency. County officials stated the above expenditures were considered emergencies because the County's General Fund or other applicable special revenue funds did not have sufficient appropriation or funds to pay these types of expenditures.

Indiana Code 36-9-14.5-8 states in part:

"(a) The tax money collected under this chapter shall be held in a special fund to be known as the cumulative capital development fund."

"(c) Money held in the cumulative capital development fund may be spent for purposes other than the purposes stated in section 2 of this chapter, if the purpose is to protect the public health, welfare, or safety in an emergency situation that demands immediate action . . . . Money may be spent under the authority of this subsection only after the county executive:

(1) issues a declaration that the public health, welfare, or safety is in immediate danger that requires the expenditure of money in the fund . . ."

Purchase of Brine Machine

The Board of County Commissioners declared an emergency on July 22, 2010, for the purchase of a brine machine used by the Highway Department to help keep ice from forming on roadways. The County paid $76,718 for the brine machine on December 30, 2010. Indiana Code 36-9-14.5-2 allows purchases authorized by Indiana Code 36-9-16-3 (Cumulative Capital Improvement Fund) which includes the maintenance of "public ways." The Board of County Commissioners did not obtain an appropriation from the County Council.

Indiana Code 6-1.1-18-5(a) states:

"If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b)."

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

Expenditures Paid Without Appropriation

The County paid $24,355 for the purchase of ballot card voting systems without obtaining an appropriation from the County Council. Indiana Code 36-9-14.5-2 allows purchases authorized by Indiana Code 3-11-6-9 (Voting System Purchase Fund) which includes the purchase of ballot card voting systems or electronic voting systems.

Indiana Code 6-1.1-18-5(a) states:

"If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b)."

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

APPROPRIATIONS

A budget was prepared by the Board of County Commissioners and presented for approval to the County Council for the County Highway Fund and the Local Road and Street Fund. The County Council approved the budget as presented and the amounts were entered in the appropriation ledger by the County Auditor. The Department of Local Governmental Finance (DLGF) reviewed the budget and ordered a reduction to the amounts approved by the County however the County failed to reduce the budget of the funds to the amounts approved by DLGF. As a result expenditures were made in excess of budgeted appropriations as follows:

Fund	Excess Amount Expended
County Highway	$ 388,526
Local Road and Street	357,047

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."

In addition, the following local funds established through Home Rule Statute had expenditures made which were not appropriated or expenditures exceeded the appropriated amount:

Fund	Excess Amount Expended
Landowner's Liability Fund	$ 136,123
Closure-Post Closure	102,599
Landfill Improvements	719,129
Sheriff's Public Relations Non-Reverting	75,379
Drainage Board Non-Reverting Fees	18,265

Indiana Code 36-2-5-2(b) states: "The county fiscal body shall appropriate money to be paid out of the county treasury, and money may be paid out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by law."

Indiana Code 36-1-2-6 defines fiscal body as the county council.

PROCEDURES FOR RECEIVING REIMBURSEMENT OF GRANT EXPENDITURES

Procedures and policies were not in place to require timely filing of request for reimbursement of expenditures under grant programs and to ensure all expenditures that could be reimbursed were actually reimbursed.

Claims for reimbursement totaling $197,765 for the Highway Planning and Construction Grant federal program had not been filed for reimbursement as of December 31, 2010. Of this amount $11,872 was associated with the year 2008, $42,775 was associated with the year 2009, and $143,118 was associated with the year 2010.

Failure to have procedures in place to track expenditures allowed to be reimbursed and the timely filing of the claims for reimbursement could result in the County not receiving all the monies allowed and result in inconsistent financial reporting.

The grant agreement with the Indiana Department of Transportation, State pass-through agency, for the Highway Planning and Construction Grant, attachment B states the following: "The LPA understands that if it fails to provide a submittal, submits it late, or the submittal is not approved, including deliverables enumerated in Attachment E, the schedule, costs and FHWA's participation in the Project may be jeopardized."

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)

DEPARTMENT ANNUAL FINANCIAL REPORT

The Supplemental CAR-1 has been prescribed to summarize yearly financial activity associated with the funds handled directly by County departments for inclusion in the County's Annual Financial Report (CAR).

Financial activity related to the State Revolving Fund loan associated with the Henryville sanitary sewer project was not reported on the Supplemental CAR-1. As a result, the County Auditor could not include financial activity in the County's Annual Financial Report. Receipt activity associated with the revolving loan was $1,958,188 and disbursements for the loan program were in the amount of $1,958,188.

During the course of the audit, adjustments were made to the County's Annual Financial report to incorporate the Department's financial activity.

Failure of the Department to provide information to the County Auditor to properly report all financial activity of the County could result in the State Board of Accounts not being able to provide an unqualified opinion on the Independent Auditor's Report.

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)

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)

A similar comment was reported in prior Report B38285.

HEALTH INSURANCE BENEFITS FOR RETIREES

All County Retirees

The County contributes $250 per month per retiree towards the cost of monthly health insurance premiums for all County retirees including retirees of the Sheriff's Department. The amount paid by the County is paid from the General Fund. Ordinance 5-1997, regarding health insurance benefits, was presented for audit. Ordinance 5-1997 states that the County shall contribute $100 toward the monthly premium of a retired employee. The County is paying $250 per month on 14 retirees as of June 30, 2011.

The County also contributes $250 per month per retiree towards the cost of Medicare supplemental insurance for all County retirees including retirees of the Sheriff Department. The amount paid by the County is paid from the General Fund. No policy or ordinance was presented for audit authorizing the County to contribute toward the cost of a retiree's Medicare supplemental insurance. The County is paying $250 per month on 24 retirees as of June 30, 2011.

Ordinance 5-1997, states that it is an amendment #4 to the employees' handbook; however, the employee handbook presented for audit did not contain policy information regarding such items as retiree eligibility requirements, definition of "retired employee", type of coverage(s) provided, and duration of coverage.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

Sheriff's Department – Retirees' Spouses

Ordinance 13-1997, regarding health insurance benefits for Sheriff's Department employees, was presented for audit. Ordinance 13-1997, Section H states: "The Clark County Auditor shall establish a fund to be known as the Sheriff's Retiree Group Insurance Fund. The Auditor shall withhold from each salary, payment of each active full-time Clark County Sheriff's employee, the amount of Five Dollars ($5.00) per pay, and shall place said withholding in the Clark County Sheriff's Retiree Group Insurance fund. From said fund, the Auditor shall pay the "Retired employee's share" for group health insurance benefits, as set out above, and the Auditor shall also pay from said fund the premiums for eligible retiree's Medicare supplemental insurance."

The County contributes $250 towards the cost of a retiree's health insurance from the General Fund (see section titled "All County Retirees"). It is the County's practice to pay the difference between the total cost of a retiree's monthly health insurance premium and the $250 monthly County contribution (paid from the General Fund) from the Clark County Sheriff's Retiree Group Insurance Fund established by Section H of Ordinance 13-1997.

The County was also paying for insurance coverage for two spouses of retirees of the Sheriff's Department. The cost being paid by the County was the difference between the insurance premium cost for coverage for a retiree and spouse and the County's contribution (see section titled "All County Retirees"). Ordinance 13-1997, Section C states: "Group health insurance benefits shall be available to the retiree's eligible spouse." However, the ordinance does not address how the costs for coverage of the spouse will be paid.

In March of the year 2011, the County made a determination that a surviving spouse of a Sheriff Department retiree, who had been receiving insurance coverage since the year 2007, was only eligible to receive benefits in the amount of the County's contribution toward the cost of monthly insurance premiums per Ordinance 5-1997 (see section titled "All County Retirees"). The remaining cost of the health insurance premium is the responsibility of the surviving spouse. However, the County continued to provide the full cost of the insurance coverage to this spouse as of June 30, 2011.

Ordinance 4-2001 states in part: "(1) Any insurance payments other than payroll deductions must be in the office of the County Auditor not later than the first day each month to continue coverage. (2) Failure to have payment in the office of the county auditor by the above date will result in immediate termination of coverage."

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

Funding Source of Health Insurance Cost of Sheriff's Department Retirees – Conflicting Ordinances

The County contributes $250 per month towards the cost of health insurance premiums and $250 towards the monthly cost of Medicare supplemental insurance for retired employees of the Sheriff's Department. It has been the County's practice to fund the County's $250 monthly contribution from the General Fund based on Ordinance 5-1997 dated May 6, 1997. However, Ordinance 13-1997 (dated November 18, 1997), Section J states: "All previous Ordinances providing group health insurance coverage to retired Sheriff's employees are superseded by this Ordinance and hereby repealed."

As a result, we were unable to determine if the $250 monthly County contribution for health insurance and the $250 monthly Medicare supplemental insurance contributions should be funded from the General Fund or from the Clark County Sheriff's Retiree Group Insurance Fund established by Section H of Ordinance 13-1997 that states the following:

> "The Clark County Auditor shall establish a fund to be known as the Sheriff's Retiree Group Insurance Fund. The Auditor shall withhold from each salary, payment of each active full-time Clark County Sheriff's employee, the amount of Five Dollars ($5.00) per pay, and shall place said withholding in the Clark County Sheriff's Retiree Group Insurance fund. From said fund, the Auditor shall pay the "Retired employee's share" for group health insurance benefits, as set out above, and the Auditor shall also pay from said fund the premiums for eligible retiree's Medicare supplemental insurance."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

Individual Health Insurance Policy Obtained for Sheriff Department Retiree Spouse

A separate individual health insurance plan was purchased for a spouse of a deceased Sheriff's Department retiree in November of the year 2010.

Ordinance 13-1997, Section E, states in part: "The only group health insurance plan, or plans, available to retirees pursuant to this ordinance will be the plan, or plans, available to full-time Clark County Employees. . ."

Indiana Code 5-10-8-2.2(g) states in part:

> ". . . a local unit public employer that provides a group health insurance program for its active public safety employees shall also provide a group health insurance program to the following persons: . . . (3) surviving spouses and dependents of public safety employees who die while in active service or after retirement."

EMPLOYEE HEALTH INSURANCE BENEFITS

A written policy or ordinance was not presented for audit, in order, to determine that the amount paid by the County on behalf of the employees for insurance benefits was in agreement with the approved amount.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 5)

BOARD OF COUNTY COMMISSIONERS
CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2011, with Barbara Hollis, President of the County Council.

The contents of this report were discussed on December 19, 2011, with M. Edward Meyer, former President of the Board of County Commissioners. The official response has been made a part of this report and may be found on pages 16 through 19.

BOARD OF COMMISSIONERS
OF CLARK COUNTY, INDIANA

ROOM 404, Clark County Government Building
501 E. Court Avenue
Jeffersonville, Indiana 47130
(812) 285-6275 FAX (812) 285-6366
www.co.clark.in.us

M. Edward Meyer, President
Mike Moore
Les Young

Greg Fifer, County Attorney
Hyun Lee, Engineer

December 21, 2011

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Re: Responses to 2010 Audit Comments

Please accept this letter as our response to the audit comments noted in the 2010 audit report for Clark County.

Internal Controls Over Schedule of Expenditures of Federal Awards

Contact Person: R. Monty Snelling
Title: County Auditor
Phone Number: 812-285-6211
Projected Completion Date: December 31, 2012

Procedural changes have been implemented for many of the deficiencies identified in the Audit Results and Comments. One person is now responsible for coordinating grant activity for the County and grant files are now located in one central location. In addition, grant activity will be monitored for proper classification of Federal, State, and Stimulus Funds and will be properly identified in the County Annual Report by CFDA number. The County is continuing to implement improved procedures for coordinating grant transactions with the individual County Departments administering the grant to ensure proper identification and posting of grant transactions and reconciliation to subsidiary ledgers.

Accounting for Capital Assets

Contact Person: R. Monty Snelling
Title: County Auditor
Phone Number: 812-285-6211
Projected Completion Date: December 31, 2013

Procedures are being developed and County employees are being trained to identify capital assets at the time of purchase for inclusion on the County's capital asset record. In addition, a record of capital expenditures made with Federal monies will be maintained. A physical inventory will be performed and compared with the existing capital asset records and differences resolved.

Contracts

Contact Person: R. Monty Snelling
Title: County Auditor
Phone Number: 812-285-6211
Projected Completion Date: December 31, 2011

The County currently distributes 100% of the Local Option Income Tax Distributions (LOIT) to each municipality located in Clark County on a monthly basis.

Failure to Appropriate Funds

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

It is the intent of the Clark County Commissioners to eliminate the Clark County Adult and Juvenile Facilities Usage Fund.

Cumulative Capital Development Fund Expenditures

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

It is our position that expenditures from the Cumulative Capital Development Fund may be instituted only by the Commissioners when there is "Immediate Action" spending needed to protect the public health, welfare or safety in an emergency situation. It is further contended by the Commissioners that these payments were not foreseen at the time that annual county budgets are fixed. It is also the position of the Commissioners that all Cum Cap expenditures not appropriated by the County Council were properly authorized and made in accordance with the provisions of IC 36-9-14.5-8(c) under the legal authority delegated to the Commissioners by the Indiana Legislature pursuant to such statute. Procedures have been implemented to ensure that the minutes describe the nature of the emergency.

Appropriations

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

The County will pay money out of the treasury only under an appropriation made by the fiscal body, except as otherwise provided by state statute or ordinance.

Procedures for Receiving Reimbursement of Grant Expenditures

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

Current reimbursement procedures have been reviewed with County employees. Procedures are being developed to monitor and require timely filing of requests for reimbursement of expenditures.

Department Annual Financial Report

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

All required supplemental CAR-1 reports will be filed with the Auditor's office to be incorporated into the County's Annual Financial report.

Health Insurance Benefits for Retirees

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

The County will review the Employee's Handbook and Ordinances relating to Health Insurance Benefits for Retirees and revise as needed.

Employee Health Insurance Benefits

Contact Person: M. Edward Meyer
Title: President, Board of Commissioners of Clark County
Phone Number: 812-285-6275
Projected Completion Date: December 31, 2012

The County will review the Employee's Handbook and Ordinances relating to Employee Health Insurance Benefits and revise as needed.

M. Edward Meyer

M. Edward Meyer

President, Clark County Commissioners

Cc: R. Monty Snelling, Clark County Auditor

file