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

AUDIT REPORT

OF

L.A.C.E AND STOP PROGRAMS

HUNTINGTON COUNTY, INDIANA

January 1, 2007 to December 31, 2010

FILED
04/10/2012

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COUNTY OFFICIALS

Office	Official	Term
Program Coordinator	Melissa A. Phillips	01-01-07 to 02-11-11
President of the Board of County Commissioners	Jerry P. Helvie	01-01-07 to 12-31-07
	Richard W. Brubaker	01-01-08 to 12-31-08
	Tom Wall	01-01-09 to 12-31-12
President of the County Council	Kathryn A. Branham	01-01-07 to 12-31-08
	John E. Hacker	01-01-09 to 12-31-12

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HUNTINGTON COUNTY

We have audited the records of the County L.A.C.E. and STOP Programs for the period from January 1, 2007 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 Reports of Huntington County.

STATE BOARD OF ACCOUNTS

March 6, 2012

SALARY PAID TO PROGRAM COORDINATOR FOR L.A.C.E. (LOCAL ANTI-DRUG COALITION EFFORTS) FUND AND STOP – STOPPING TOBACCO (INDIANA TOBACCO PREVENTION AND CESSATION) FUND PROGRAMS

The L.A.C.E. Fund was established to account for alcohol and drug services program fees. These fees are collected by the County Clerk and remitted to the County Auditor monthly. The distribution of these fees are allocated in a drug free communities plan approved by the local commission (L.A.C.E.) and appropriated by the County Council. This allocation is based on specific guidelines established by Indiana Code 5-2-6-16.

STOP – Stopping Tobacco Fund was established to account for the Indiana Tobacco Prevention and Cessation grants received by the county.

Disbursements for the salary of the program coordinator, Melissa A. Phillips, were allocated between the two funds as part of the programs' plans budgets. Ms. Phillips worked from home. Before February 22, 2010, the program coordinator was treated as a contractor and paid through the claims process. Starting on February 22, 2010, the program coordinator was paid through the payroll process. The change in the method used for salary payment was explained as a request from the program coordinator. A contract with the grant coordinator was not presented for audit. Her salary during the time paid through payroll was not included in the salary ordinance. She was not offered any benefits that county employees receive. An analysis for determination of whether the program coordinator was an employee vs. a contractor was not presented for audit.

Based on the programs' budget for salary to be paid to the program coordinator we found the following variances:

Fiscal Year	Budgeted Salary	Actual Salary Paid	Variance L.A.C.E.	Variance STOP
2007 – 2008	$ 8,667.12	$ 9,455.04	$ 787.92	$ -
2007 - 2009 (2 year budget)	77,071.20	78,719.36	-	1,648.16
2009 – 2010	10,412.00	11,160.45	748.45	-
2009 – 2010	25,466.00	26,277.75	-	811.75
Totals			$ 1,536.37	$ 2,459.91

The Commissioners informed us that at the time of submission of the claims for salary they were unaware of their authority to enforce the budgeted salary or oversight of the grant.

We question cost the salary payments of $3,996.28 that are in excess of the budgeted salary. (See Summary of Questioned Costs, page 10)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

DUPLICATE REIMBURSEMENTS

On December 29, 2009, Melissa A. Phillips, former Program Coordinator, was reimbursed $3,354.16 for various program expenses. Within the documentation supporting this reimbursement was L.A.C.E. administrative expenses of $684.79 which was reimbursed twice. Also within the documentation were two receipts for $26.52 each from the Secretary of State's office for the filing of Articles of Incorporation for "Play Smart Co." Although the receipts contained different receipt numbers, it appears they were for the same filing. The duplicate reimbursements totaled $711.31

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Melissa A. Phillips, former Program Coordinator, was requested to reimburse the County $711.31 for the duplicate reimbursements. Reimbursement was made on April 9, 2012. (See Summary of Charges, page 11)

SUPPORTING DOCUMENTATION

Four claims paid had undocumented reimbursements totaling $2,552.15, of which $2,278.40 was paid to Melissa A. Phillips, former Program Coordinator, and $273.75 to an office supply vendor. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. Therefore, we question cost these reimbursements. (See Summary of Questioned Costs, page 10)

Indiana Code 5-11-10-1.6(c) states:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(1) there is a fully itemized invoice or bill for the claim;

(2) the invoice or bill is approved by the officer or person receiving the goods and services;

(3) the invoice or bill is filed with the governmental entity's fiscal officer;

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

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)

PHONE REIMBURSEMENTS

Melissa A. Phillips, former Program Coordinator, was reimbursed $6,012.66 for land line and cell phone usage for the period May 14, 2008 through November 13, 2009. These reimbursements were for a phone package that included five separate cell phone numbers with 1,400 monthly minutes plus data charges, late fees and other charges and a land line. No documentation was presented to determine the portion of these billings that were related to County business.

Indiana Code 5-11-10-1.6(c) states:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(1) there is a fully itemized invoice or bill for the claim;

(2) the invoice or bill is approved by the officer or person receiving the goods and services;

(3) the invoice or bill is filed with the governmental entity's fiscal officer;

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim.

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)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

We requested that Melissa A. Phillips, former Program Coordinator, either provide supporting documentation or reimburse the County $6,012.66. Reimbursement was made on April 9, 2012. (See Summary of Charges, page 11)

ASSETS

Melissa A. Phillips, former Program Coordinator, purchased office equipment costing $1,976.84 to be used in her home office that was reimbursed by the County as follows:

Item Purchased	Purchase Date	Reimbursement Date	Amount
DELL Inspiron 1521, AMD Athlon computer - pink	09-27-07	10-22-07	$ 1,507.85
Canon image Duplex All-in-one printer	04-01-09	07-20-09	468.99
Total			$ 1,976.84

We recommend that if a County is allowing employees to work from home using County assets that the County have a policy in place addressing these County assets. If used by a contractor, this should be addressed as part of the contract.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

We request that either Melissa A. Phillips, former Program Coordinator, turn over the assets to the satisfaction of the County or reimburse the county $1,976.84. Reimbursement was made on April 9, 2012. (See Summary of Charges, page 11)

PURCHASING BONUSES

Some invoices for items purchased indicated a mail in rebate was available. There were no receipts noted for these rebates to indicate they were redeemed.

Invoices from Quill Corporation indicated that additional items were received at no cost to the program. These items included DVDs, cookie tins, candy, candles, picture frames, water, bath sets, toiletry bag, clock radio, and office supplies.

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the governmental unit becomes the property of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

If purchased by a contractor, this should be addressed as part of the contract.

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)

RECORD OF HOURS WORKED

Melissa A. Phillips, former Program Coordinator, was paid from more than one program. A record of hours worked for each program was not presented for audit.

Indiana Code 5-11-9-4(b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

If paid to a contractor, documentation requirements should be addressed in the contract.

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)

OFFICIAL BOND COVERAGE

A $100,000 employee dishonesty bond coverage for Huntington County's employees was obtained from Hylant Administrative Services and covers the term beginning January 3, 2010 and ending January 3, 2011.

The fiscal body of a county or township may, by ordinance, authorize a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local governmental unit . . . (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 3)

COUNTY L.A.C.E. AND STOP PROGRAMS
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2012, with Tom Wall, President of the Board of County Commissioners; and John E. Hacker, President of the County Council.

Melissa A. Phillips, former Program Coordinator, declined to attend an exit conference to discuss the contents of this report.

COUNTY L.A.C.E. AND STOP PROGRAMS
HUNTINGTON COUNTY
SUMMARY OF QUESTIONED COSTS

	Questioned Costs
Melissa A. Phillips, former Program Coordinator:	
Salary Paid to Program Coordinator For L.A.C.E. (Local Anti-Drug Coalition Efforts) Fund and STOP Stopping Tobacco (Indiana Tobacco Prevention and Cessation) Fund Programs, page 4	$ 3,996.28
Supporting Documentation, page 5	2,552.15
Total	$ 6,548.43

COUNTY L.A.C.E. AND STOP PROGRAMS
HUNTINGTON COUNTY
SUMMARY OF CHARGES

	Charges	Credits	Balance Due
Melissa A. Phillips, former Program Coordinator:			
Duplicate Reimbursements, page 5	$ 711.31	$	$
Phone Reimbursements, page 6	6,012.66		
Assets, Pages 6 and 7	1,976.84		
Reimbursement, Check 3257		8,700.81	-
Totals	$ 8,700.81	$ 8,700.81	$ -