

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

LAKE COUNTY SOIL AND WATER
CONSERVATION DISTRICT
LAKE COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
03/11/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Administrator/Treasurer	Julie Duttlinger	01-01-11 to 12-31-15
Chairperson of the Board of Supervisors	Donna Molchan Kevin Garling	01-01-11 to 12-31-12 01-01-13 to 12-31-15



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TO: THE OFFICIALS OF THE LAKE COUNTY SOIL AND WATER
CONSERVATION DISTRICT, LAKE COUNTY, INDIANA

This report is supplemental to our examination report of the Lake County Soil and Water Conservation District (District), for the period from January 1, 2011 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the District. It should be read in conjunction with our Financial Statement Examination Report of the District, which provides our opinion on the District's financial statement. This report may be found at www.in.gov/sboa/.

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 Examination 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 Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 15, 2015

LAKE COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXAMINATION RESULTS AND COMMENTS

PAYROLL COMPLIANCE - BOARD OF SUPERVISORS

Board Supervisors are statutorily permitted to be compensated \$35 maximum salary per diem. Appointed associate supervisors are statutorily not permitted to receive a salary per diem.

Initially, documentation provided by the District showed that Board Supervisors were paid an additional percentage over the maximum \$35 per diem to cover the Board Supervisor's share of federal, state, and local taxes and an additional amount that they shared with the Associate Supervisors. The Board Supervisors paid the Associates in cash; this compensation was not reported to the proper taxing authorities. The initial documentation showed overpayments to the Board Supervisors for the examination period as follows:

<u>Board Supervisor</u>	<u>2011 through 2014</u>		
	<u>Recorded Gross</u>	<u>Calculated Gross</u>	<u>Overpayment</u>
Edgar Corns	\$ 1,224.17	\$ 630.00	\$ 594.17
Kevin Garling	2,635.55	1,715.00	920.55
Donna Molchan	3,958.87	2,415.00	1,543.87
Lyle Patchett	3,696.27	2,520.00	1,176.27
Kim Peterson	4,883.88	2,905.00	1,978.88
Brian Wietbrock	<u>3,984.42</u>	<u>2,695.00</u>	<u>1,289.42</u>
Totals	<u>\$ 20,383.16</u>	<u>\$ 12,880.00</u>	<u>\$ 7,503.16</u>

Upon further inquiry, additional documentation was presented for days that the Board Supervisors were engaged in the official business of the District during the examination period. Inspection of the additional documentation showed that the Board Supervisors were underpaid for the examination period as follows:

<u>Board Supervisor</u>	<u>2011 thru 2014</u>		
	<u>Recorded Gross</u>	<u>Calculated Gross</u>	<u>Overpayment</u>
Edgar Corns	\$ 1,224.17	\$ 1,680.00	\$ (455.83)
Kevin Garling	2,635.55	2,905.00	(269.45)
Donna Molchan	3,958.87	4,165.00	(206.13)
Lyle Patchett	3,696.27	3,955.00	(258.73)
Kim Peterson	4,883.88	6,405.00	(1,521.12)
Brian Wietbrock	<u>3,984.42</u>	<u>4,620.00</u>	<u>(635.58)</u>
Totals	<u>\$ 20,383.16</u>	<u>\$ 23,730.00</u>	<u>\$ (3,346.84)</u>

Board Supervisors were not paid consistently for engaging in the official business of the District as allowed by law.

LAKE COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 14-32-4-17 states:

"(a) A supervisor may be paid a salary per diem for any part of a day that the supervisor is engaged in the official business of the district in any amount not to exceed the salary per diem that may be paid by the state under Indiana Code 4-10-11-2.1(b).

(b) A supervisor may also receive for travel, lodging, meals, and other expenses any amount not to exceed the amount a county employee of the county in which the supervisor resides is entitled to receive under the policies and procedures established by the county.

(c) All amounts under this section shall be fixed by the supervisors of each district and paid from money of the district."

Indiana Code 4-10-11-2.1(b) states:

"(b) Notwithstanding any other laws to the contrary, any salary per diem that is paid from state funds and that is authorized by statute in an amount that is less than thirty-five dollars (\$35.00) per day is hereby set at thirty-five dollars (\$35.00) per day or at any other amount as may be established by the general assembly after July 1, 1977."

Indiana Code 14-32-4-10.5 states:

"(a) The board may appoint associate supervisors to assist in performing duties in each district.

(b) Associate supervisors are nonvoting members of the board and may not hold officer positions on the board.

(c) Associate supervisors may be reimbursed for approved expenses but are not entitled to per diem."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

OFFICIAL BOND

No employees or officers of the Lake County Soil and Water Conservation District held a surety bond.

Indiana Code 14-32-4-22 states:

"The supervisors of a district shall do the following:

- (1) Provide for the execution of surety bonds for all district employees and officers who are entrusted with money or property."

LAKE COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXAMINATION RESULTS AND COMMENTS
(Continued)

INVESTMENTS

The Receipts and Disbursements Journal did not include the investment transactions of the District.

A similar comment appeared in prior Report B38362.

All financial transactions pertaining to the governmental unit should be included in the records of the governmental unit. (Accounting and Uniform Guidelines Manual for Special Districts, Chapter 10)

CREDIT CARD POLICY

The District made purchases through the use of a credit card. A governing board approved policy authorizing the use of a credit card was not provided.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)



Lake County Soil and Water Conservation District

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December 18, 2015

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“OFFICIAL RESPONSE”

To: Lisa David

In response to our annual audit, Lake County Soil and Water Conservation District acknowledges the following points:

Payroll Compliance – The Supervisors have implemented a new salary per diem spreadsheet design for more accuracy in documenting supervisor’s engagement in official business of the district.

Official Bond – The Supervisors are actively pursuing getting the fiscal officer bonded.

Investments – The Investment transactions of the district will appear in the Receipts and Disbursements Journal.

Credit Card Policy – The Supervisors approved a credit card policy that follows the guidelines for special districts.

Lake County Soil and Water Conservation District

cc:
Sara Hancock

LAKE COUNTY SOIL AND WATER CONSERVATION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on November 4, 2015, and on December 15, 2015, with Julie Duttlinger, Administrator/Treasurer, and Kevin Garling, Chairperson of the Board of Supervisors.