

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
TRI-COUNTY CONSERVANCY DISTRICT
MORGAN COUNTY, INDIANA
January 1, 2012 to December 31, 2015



FILED
04/08/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Errors on Claims	4
Penalties, Interest, and Other Charges	4
Official Response	5
Exit Conference	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	David K. Pasotti	01-01-12 to 12-31-16
President of the Board of Directors	Tim Shrout	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TRI-COUNTY CONSERVANCY DISTRICT, MORGAN COUNTY, INDIANA

This report is supplemental to our examination report of the Tri-County Conservancy District (District), for the period from January 1, 2012 to December 31, 2015. 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 Statements Examination Report of the District, which provides our opinion on the District's financial statements. 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

February 23, 2016

TRI-COUNTY CONSERVANCY DISTRICT
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

A test of payroll claims identified the following deficiencies with an error rate greater than 10 percent:

Of the payroll claims tested, 100 percent did not have evidence of Board approval.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

(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."

PENALTIES, INTEREST, AND OTHER CHARGES

The District paid penalties, interest, and other charges on a gasoline credit card. Of the ten credit card claims tested, seven had late fees totaling \$611 because the District did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

TRI-COUNTY CONSERVANCY DISTRICT
OFFICIAL RESPONSE
TO THE EXAMINATION RESULTS AND COMMENT
EXAMINATION PERIOD: JANUARY 1, 2012 TO DECEMBER 31, 2015

ERRORS ON CLAIMS

Although payroll claims were not submitted to the board for approval in this examination period, David Pasotti, Financial Clerk, reviewed all payroll reports and returns for accuracy on a quarterly and annual basis, and no irregularities were detected.

Remedy: Beginning in January 2016, all payroll claims will be submitted to the board for approval.

PENALTIES, INTEREST, AND OTHER CHARGES

The gasoline credit card's due date is only ten (10) days after the statement end date. During this examination period, the credit card statements were mailed to David Pasotti, Financial Clerk, for his review, and then submitted to Aspire CPAs PC for payment. Because of the short period provided in which to remit the payments timely, at times, by the time the payment was mailed, it was after the due date.

Remedy: Beginning in January 2016, the credit card statements are being emailed to David Pasotti, Financial Clerk, so he receives them on the statement date (not three to four days after the statement date, as when they were mailed). In addition, beginning in January 2016, accounts payable invoices, including the credit card statements, are scanned to an electronic bill pay program, so they are received by Aspire CPAs three to four days sooner than if they had been mailed. With these two improvements, which streamline the receipt of the credit card statements for payment, we believe all the credit cards will be paid timely going forward.

Respectfully submitted,



Tim Shrout, President, Board of Directors



David K. Pasotti, Financial Clerk

February 23, 2016

TRI-COUNTY CONSERVANCY DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 23, 2016, with Dave Smith, Vice Chairman of the Board of Directors; David K. Pasotti, Financial Clerk; Thomas L. Comisso, CPA, Executive Director Aspire CPAs; and Beverly Nead, CPA, Conservancy District Accountant.