

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

SPECIAL COMPLIANCE REPORT

OF

DAVISS COUNTY, INDIANA

January 1, 2011 to December 31, 2014



**FILED**  
03/27/2017



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DAVIESS COUNTY, INDIANA

This report is a special compliance report for Daviess County (County) for the period January 1, 2011 to December 31, 2014, and is in addition to any other report for the County as required under Indiana Code 5-11-1. All reports pertaining to the County may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with the Daviess-Martin County Joint Park Board (Park Board) related to receipts, disbursements, contracts, policies, capital assets, and internal controls. The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

October 19, 2016

DAVISS COUNTY  
RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances of the Daviess-Martin County Joint Park Board (Park Board) were not completed for the entire report period.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

***PETTY CASH FUND***

The Park Board operated a petty cash fund through a bank account titled "Daviess-Martin Counties Joint Park & Recreation Board-West Boggs Park." Disbursements were made by debit card or check. The cash balance of the fund was replenished by requesting reimbursement from the Daviess County Park and Recreation fund.

The balance of the Petty Cash fund was increased by \$3,500 on August 24, 2012, by filing an accounts payable voucher with the Daviess County Auditor for disbursement of additional cash from the Park and Recreation fund. No approval was found in the Park Board meeting minutes for this increase.

We reviewed the disbursements made from the Petty Cash fund bank account, totaling \$143,094, during the four year report period. We documented 83 restaurant purchases totaling \$5,370, including \$2,713 spent for three annual Christmas parties for employees. Additional disbursements included, Jeep refurbishment costs and repair parts; cameras, lenses, a video camera, a GoPro camera, and digital photo storage service; guns and ammunition; West Boggs Park Foundation, Inc. expenses; and numerous other items. Receipts or other documentation were not available to support all disbursements. The validity of these purchases as necessary or allowable expenditures for the Park Board could not be determined.

Indiana Code 36-1-8-3 states:

"(a) The fiscal body of a political subdivision may establish a petty cash fund for any of its offices in a like manner to that prescribed by section 2 of this chapter.

(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)

Sources and uses of funds should be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

DAVISS COUNTY  
RESULTS AND COMMENTS  
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***CONTRACTUAL PAYMENTS FOR SERVICES***

The Park Board entered into contracts with the West Boggs Park Foundation, Inc. (Foundation) authorizing the Foundation to provide the service of "the processing of accounts payable." The Foundation was paid \$2,500 per month from June 2013 to March 2014; and \$2,750 per month from April 2014 to December 2014 for these services.

The Bookkeeper, who was a full-time employee of the Park Board, stated that as part of her job with the Park Board, she prepared the accounts payable vouchers, and issued and signed the vendor checks processed by the Foundation. The Bookkeeper stated she was not paid for services by the Foundation.

We were unable to determine what services the Foundation performed under this contract based on the information provided.

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

***PAYMENTS MADE WITHOUT CONTRACTS***

Payments totaling \$7,150 and \$30,700 were made for mowing services in 2013 and 2014, respectively. Written contracts were not presented to support these payments.

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

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Park Board paid penalties and interest to the Indiana Department of Revenue in the amount of \$518 due to the late remittance of sales taxes for May 2012.

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 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 unit. Any penalties, interest or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

DAVISS COUNTY  
RESULTS AND COMMENTS  
(Continued)

**TRAVEL POLICY**

The Park Board paid expenses for meals and lodging, but no travel policy had been adopted. The receipts attached to the travel claims did not include information regarding the names of the individuals provided meals and lodging or the purpose of the travel.

Each unit should adopt a written travel policy in conformity with applicable laws. Reimbursements for lodging and meals should be based upon actual receipts for amounts paid, unless otherwise authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**CREDIT CARDS**

The Park Board used credit cards to purchase items without an approved credit card policy.

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/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 Counties of Indiana, Chapter 1)

DAVISS COUNTY  
RESULTS AND COMMENTS  
(Continued)

**UNSUPPORTED DISBURSEMENTS**

The Park Board contracted with the West Boggs Park Foundation, Inc. for the following services: accounts payable services, consulting services, and golf course management services. The contracts each have a clause that additional incidental expenses could be billed in addition to the contracted services. Three claims totaling \$1,405 in 2013 and four claims totaling \$14,227 in 2014 were paid for additional services identified on the claim only as "Tax Preparation, Accounting and Consulting." No additional information was included on the claim itemizing or describing the additional services performed.

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:

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

**TRANSACTION RECORDING**

We inspected documentation for loans obtained for land and equipment purchases and noted the financial institution issued cashier's checks made out directly to the vendors for the purchases. The receipt and disbursement of the loan proceeds were not deposited to the Park Board bank account or recorded in the records of the Park Board. The Park Board should have issued a receipt for loan proceeds at the time the transaction occurred. Additionally, disbursements to the vendor should have been made by check and recorded in the records of the Park Board.

All financial transactions pertaining to the unit should be recorded in the records of the unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**BUDGETED LINE ITEMS**

Disbursements for items such as Christmas decorations and a bicycle were paid from the infrastructure line item; clothing was paid from the equipment line item.

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

**CAPITAL ASSETS**

The Park Board did not properly maintain a complete inventory of capital assets owned. The Park Board utilized the prescribed forms for capital assets, but it had not been updated since 2011.

DAVIESS COUNTY  
RESULTS AND COMMENTS  
(Continued)

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been presented for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**OFFICIAL BOND**

The Park Board had a public employee dishonesty policy through their local insurance carrier, but it had not been filed with the office of the County Recorder.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

DAVIES COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 19, 2016, with Jameson Hibbs, Superintendent; Debra Crays, Office Manager; M. Susan Harrawood, Office Assistant; Spencer L. Keller, Secretary of the Daviess-Martin County Joint Park Board; C. Michael Taylor, President of the Daviess County Board of Commissioners; Mike Myers, President of the Daviess County Council; and Dan Gregory, Martin County Commissioner.