

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARK COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
03/30/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	3
Transmittal Letter .....	4
County Auditor:	
Federal Finding:	
Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards .....	6-7
Corrective Action Plan .....	8
Audit Results and Comments:	
Compensation and Benefits .....	9
Appropriations .....	9-10
Overdrawn Cash Balances .....	10
Official Response.....	11-12
Exit Conference .....	13
Board of County Commissioners:	
Audit Results and Comments:	
Credit Cards .....	16
Fund Sources and Uses.....	16
Cash Receipts - Disbursements .....	17-18
Internal Controls .....	18-19
Cumulative Capital Development Fund Expenditures .....	19
Tax List Fee .....	19-20
Public Works Project.....	20-21
Health Insurance Benefits for Retirees .....	21-22
Medicare Supplemental Insurance for Retirees.....	22
Insurance for County Sheriff Department Retiree Spouses.....	22
Treasurer's Non-Reverting Fund.....	22-23
Official Response.....	24-26
Exit Conference .....	27
County Highway:	
Audit Results and Comments:	
Compensation and Benefits .....	30
Appropriations .....	30
Fund Sources and Uses.....	31
Internal Controls .....	31
Official Response.....	32-33
Exit Conference .....	34

TABLE OF CONTENTS  
(Continued)

<u>Description</u>	<u>Page</u>
County Sheriff:	
Federal Finding:	
Finding 2014-002 - Internal Controls over Financial Transactions and Reporting - County Sheriff's Department .....	36-37
Corrective Action Plan .....	38-39
Audit Results and Comments:	
Compensation and Benefits .....	40
Official Bonds .....	40-41
Exit Conference .....	42
Clerk of the Circuit Court:	
Federal Findings:	
Finding 2014-003 - Internal Controls over Financial Transactions and Reporting - Clerk of the Circuit Court .....	44
Finding 2014-004 - Allowable Costs/Cost Principles .....	45-46
Corrective Action Plan .....	47-48
Audit Results and Comments:	
Bank Account Reconciliations .....	49
Collection of Amounts Due .....	50
Official Bonds .....	50-51
Exit Conference .....	52
County Prosecuting Attorney:	
Federal Findings:	
Finding 2014-004 - Allowable Costs/Cost Principles .....	54-55
Finding 2014-005 - Reporting .....	55-57
Corrective Action Plan .....	58-59
Exit Conference .....	60
County Probation Department:	
Audit Result and Comment:	
Internal Controls Probation Department Receipts .....	62-63
Exit Conference .....	64
County Treasurer:	
Audit Result and Comment:	
Treasurer's Non-Reverting Fund .....	66
Exit Conference .....	67

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	R. Monty Snelling	01-01-15 to 12-31-18
County Treasurer	David Reinhardt	01-01-15 to 12-31-18
Clerk of the Circuit Court	Barbara Hass	01-01-11 to 12-31-14
	Susan Popp	01-01-15 to 12-31-18
County Sheriff	Daniel Rodden	01-01-11 to 07-23-14
	John Kahafer (interim)	07-24-14 to 08-25-14
	Brian Meyer	08-26-14 to 12-31-14
	Jamey Noel	01-01-15 to 12-31-18
County Recorder	Richard P. Jones	01-01-11 to 08-21-14
	Jane White	09-01-14 to 12-31-14
	Zach Payne	01-01-15 to 12-31-18
President of the Board of County Commissioners	Jack Coffman	01-01-15 to 12-31-17
President of the County Council	Barbara C. Hollis	01-01-15 to 12-31-17



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF CLARK COUNTY, INDIANA

This report is supplemental to our audit report of Clark County (County), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Audit 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 Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

February 9, 2017

COUNTY AUDITOR  
CLARK COUNTY

COUNTY AUDITOR  
CLARK COUNTY  
FEDERAL FINDING

**FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Financial activity was not always properly classified in the County Auditor's financial ledger for easy identification of federal grant activity. A contract consultant was hired by the County to prepare the SEFA. Once the SEFA was prepared by the consultant, there were no controls to ensure the information was properly reported and agreed with supporting records.

During the audit of the SEFA, there were the following errors:

1. Ten grants were reported incorrectly resulting in an overstatement of \$416,548.
2. Ten grants were omitted from the SEFA resulting in an understatement of \$383,516.
3. Multiple grants that were included in the same fund on the County's Financial Ledger were reported as one grant on the SEFA.
4. Several grants were reported under incorrect federal grant titles.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*Criteria*

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

COUNTY AUDITOR  
CLARK COUNTY  
FEDERAL FINDING  
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



R. MONTY SNELLING

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118  
Jeffersonville, IN 47130-4090  
(812) 285-6211  
Fax (812) 285-6216

### Corrective Action Plan

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

RE: Corrective Action Plan

This letter is to state our response and Corrective Action Plan for the findings identified in the 2014 audit report for Clark County.

Finding 2014-001

Contact person responsible for the Corrective Action Plan: R. Monty Snelling  
Title: Clark County Auditor Phone Number: 812-285-6221

While the Auditor has little control over the grants acquired by individual offices, we understand the importance of correcting the problems that have taken place. The Auditor, auditor staff, and the county consultant will research the cause of errors, that occurred, in the SEFA, too ensure corrections are in place. We will work with the holders of the grants to ensure that the grants are properly reported and under the correct CFDA numbers and titles. Additional processes will be implemented, where necessary, to ensure grants are correctly recorded in the County Ledgers.

Anticipated Completion Date: December 31, 2016

R. Monty Snelling  
Clark County Auditor

COUNTY AUDITOR  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS

**COMPENSATION AND BENEFITS**

Payments were made with a vendor claim and the issuance of 1099s to 15 County Sheriff's Department employees and 2 County Highway Department employees for overtime hours worked, instead of processing the payments through the payroll system where withholdings of federal, state, and local taxes and related employee benefits would be required.

A similar comment was included in prior Report B45854.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

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 must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

**APPROPRIATIONS**

The following fund had expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
Clark County Donation Fund B	\$ 7,075

The Clark County Donation Fund B is funded primarily from the sale of scrap materials at the County Highway Garage and not donations for specific purposes. Receipts of that nature should be recorded in the County Highway fund and budgeted accordingly.

COUNTY AUDITOR  
 CLARK COUNTY  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

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."

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."

**OVERDRAWN CASH BALANCES**

The financial statement presented in the Financial Statement and Federal Single Audit Report included the following funds with overdrawn cash balances at December 31, 2014:

Fund	Amount Overdrawn
16.575 ICJG Victim Asst/Pros #1	\$ 16,028
16.588 Stop Grant Police Department	16,425
16.738 Crisis Intervention 11-DJ-013	606
93.994 Maternal and Child Services	2,762

A similar comment was included in prior reports.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit.

In an instance in which a unit receives a reimbursement grant, the unit must be claiming reimbursements in a timely manner. In this case, it would be possible for a fund to be overdrawn for a short period of time. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)



R. MONTY SNELLING

CLARK COUNTY AUDITOR

501 E. Court Avenue, Room 118  
Jeffersonville, IN 47130-4090  
(812) 285-6211  
Fax (812) 285-6216

February 10, 2017

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

Re: Official Response to 2014 Audit Findings .

Please accept this letter in response to the Clark County audit findings for 2014.

**Compensation and Benefits:**

The Sheriff Department employees receiving payments as vendors and receiving issuance of a 1099. The employees in question had done work away from the department and were paid incorrectly. The situation was addressed and corrected, by the Sheriff's Office with assistance of the Auditor's Office.

The same correction was made concerning the highway department operations.

**Appropriations:**

The Clark County Donation Fund B; this fund was established by the Clark County Commissioners under Home Rule. According to the ordinance establishing this fund, the commissioners had full control over the fund. The fund has been corrected and now requires, as stated in Indiana Code, appropriation by the Clark County Council.

**Overdrawn Cash Balances:**

There were four Grant Funds that were identified as being overdrawn on December 31, 2014. There is a combination of reasons for these comments being stated. They include being what had

been previously referred to as, "Flip Flop Grants", which have been eliminated. Some of the grants ran on a fiscal year rather than, a calendar year schedule, and or being a reimbursable grant.

Fund 8116 was due to a change of employees in Circuit Court 2 and the lack of understanding, of the grant, by the court staff.

The problems were addressed and have been corrected. Adjustments have been made that should prevent the problems in the future.

Respectfully,

A handwritten signature in cursive script that reads "R. Monty Snelling". The signature is written in black ink and is positioned above the typed name.

R. Monty Snelling  
Clark County Auditor

COUNTY AUDITOR  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with R. Monty Snelling, County Auditor; Alana Sparkman, Deputy County Auditor; Connie Sellers, Commissioner; Barbara C. Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

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BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS

***CREDIT CARDS***

The County was using 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 unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
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 must 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 must 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 body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot 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 may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***FUND SOURCES AND USES***

Clark County established the Clark County Donation Fund B. Receipts to the fund were primarily from the sale of scrap materials at the County Highway Garage, not donor specified donations.

Disbursements of \$7,075 for 2014 included payments for a Health Fair, Christmas Party, gift cards to employees, and supplies.

Sources and uses of funds must 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)

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CASH RECEIPTS - DISBURSEMENTS**

The County Commissioners held a Christmas Party for all employees of the Commissioner's office and the Highway Garage on December 15, 2014, at a local hotel. The total cost of the dinner totaled \$2,742 and was paid for by four of the County's goods and services providers. No monies for the cost of the meal were deposited in County depositories. Additionally, solicitation was made by County employees to local businesses and current vendors of goods and services for additional donations for the Christmas Party. These donations came in the form of checks issued to the County Commissioners and were held in the Commissioner's office until about two days before the party was to take place.

The day before the party was to take place the checks were endorsed by the Highway Clerk and County Engineer, taken to the bank, and cashed. The cash was brought back to the Commissioner's office where the County Highway Clerk divided the cash into three envelopes, one for each Commissioner. At the party each Commissioner paid employees \$100 and \$50 to each of the employee's children (one Commissioner was unable to attend so the County Highway Superintendent disbursed the monies to his area). Once the party was over any remaining cash was given to the County Highway Superintendent where the cash was included in their coke and coffee fund maintained at the Highway Garage.

There were no records presented to substantiate the vendors providing donations or the total amount of donations received. There were no records presented on the employees and the children that received cash or the balance turned over to the County Highway Superintendent at the end of the party. We determined that the donations received were not receipted, deposited, or disbursed as required.

Indiana Code 5-13-4-20 states in part: "Public funds" means all fees and funds of whatever kind or character coming into the possession of any public officer by virtue of that office. . . ."

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Indiana Code 36-2-8-5 states:

"Compensation of deputies and employees of county officers shall be paid by warrants that are payable to the respective deputies and employees and issued after (1) filing of itemized and verified claims, as prescribed by IC 36-2-6 and (2) allowance of the claims by the county executive."

All financial transactions pertaining to the unit must be recorded in the records of the governmental unit at the time of the transaction. (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)

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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)

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 law. Compensation must 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)

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)

Public funds cannot be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Units which conduct fund raising events must have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

### **INTERNAL CONTROLS**

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient for the Commissioner's office. Checks from vendors were received by the Commissioner's Highway Clerk. These checks were not receipted and deposited but cashed and paid to County employees and their children at a Christmas party. No records or lists were maintained to determine the amount of collections, cash given the employees and their children, or any balances remaining after the party. Controls were not in place to see that all collections were properly receipted, deposited and disbursed as required.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

***CUMULATIVE CAPITAL DEVELOPMENT FUND EXPENDITURES***

The Board of County Commissioners approved expenses totaling \$47,900 to be paid from the Cumulative Capital Development fund for activity that was not in compliance with the Indiana Code governing the Cumulative Capital Development fund. Expenditures made were as follows:

1. Salaries and benefits in the amount of \$18,850 were paid related to mosquito control.
2. Accounting services were paid in the amount of \$1,075.
3. A vehicle for animal control was purchased in the amount of \$27,975.

There was no information presented to indicate the public health, welfare, or safety was in immediate danger to necessitate these payments as emergencies.

A similar comment was included in prior Reports B43088 and B45854.

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 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 . . ."

***TAX LIST FEE***

Pursuant to County Ordinance 1-2010, the County established a fee of \$200 for a complete electronic copy of the Clark County tax list. Information was not presented for audit to indicate the fee charged was in accordance with state statute and the basis for reasonableness of the fee.

A similar comment was included in prior Report B45854.

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-14-3-8 states in part:

". . . (d) . . . The fiscal body (as defined in IC 36-1-2-6) of the public agency . . . shall establish a fee schedule for the certification or copying of documents. The fee for certification of documents may not exceed five dollars (\$5) per document. The fee for copying documents may not exceed the greater of:

- (1) ten cents (\$0.10) per page for copies that are not color copies or twenty-five cents (\$0.25) per page for color copies; or
- (2) the actual cost to the agency of copying the document.

As used in this subsection, 'actual cost' means the cost of paper and the per-page cost for use of copying or facsimile equipment and does not include labor costs or overhead costs. A fee established under this subsection must be uniform throughout the public agency and uniform to all purchasers. . . .

(g) Except as provided by subsection (h), for providing a duplicate of a computer tape, computer disc, microfilm, or similar or analogous record system containing information owned by the public agency or entrusted to it, a public agency may charge a fee, uniform to all purchasers, that does not exceed the sum of the following:

- (1) The agency's direct cost of supplying the information in that form.
- (2) The standard cost for selling the same information to the public in the form of a publication if the agency has published the information and made the publication available for sale. . . ."

***PUBLIC WORKS PROJECT***

Clark County paid \$402,683 for a landfill project with no evidence of a contract or that sealed bids were requested or received.

Indiana Code 36-1-12-2 states in part:

"As used in this chapter, 'public work' means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund or out of a special assessment. The term includes the construction, alteration or repair of a highway, street, alley, bridge, sewer, drain, or other improvement that is paid for out of a public fund or out of a special assessment . . ."

Indiana Code 36-1-12-3 states in part:

". . . For purposes of this subsection, the costs of public works project includes:

- (1) the actual cost of material, labor, equipment, and rental;
- (2) a reasonable rate for use of trucks and heavy equipment owned; and
- (3) all other expenses incidental to the performance of the project. . . .

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

(c) When the project involves the rental of equipment with an operator furnished by the owner, or the installation or application of materials by the supplier of the materials, the project is considered to be a public work project and subject to this chapter. However, an annual contract may be awarded for equipment rental and materials to be installed or applied during a calendar or fiscal year if the proposed project or projects are described in the bid specifications. . . ."

Indiana Code 36-1-12-4(a) states in part: "This section applies whenever the cost of a public work project will be: . . . (2), at least one hundred fifty thousand dollars (\$150,000)."

Indiana Code 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . .
- (8) Except as provided in subsection (c), the board shall
  - (A) award the contract for public work or improvements to the lowest responsible and responsive bidder: or
  - (B) reject all bids. . . ."

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)

***HEALTH INSURANCE BENEFITS FOR RETIREES***

The amount contributed by the County towards the cost of retirees' monthly health insurance premiums was not in agreement with the amount specified in the County's policy. The County contributed \$250 per month per retiree towards the cost of monthly health insurance premiums for all County retirees.

Ordinance 5-1997, regarding health insurance benefits, presented for audit stated that the County shall contribute \$100 toward the monthly premium of a retired employee.

A similar comment was included in prior Reports B40236, B40884, B43088, and B45854.

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

All types of employee benefits must 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 1)

***MEDICARE SUPPLEMENTAL INSURANCE FOR RETIREES***

The County contributes \$200 monthly towards the cost of Medicare supplemental insurance for all County retirees. No policy or ordinance was presented for audit authorizing the County to contribute toward the cost of a retiree's Medicare supplemental insurance.

A similar comment was included in prior Reports B40236, B40884, B43008, and B45854.

All types of employee benefits must 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 1)

***INSURANCE FOR COUNTY SHERIFF DEPARTMENT RETIREE SPOUSES***

The County's policy, Ordinance 13-1997, applicable only to health insurance benefits for the County Sheriff's Department employees states that the County will pay for the retired employee's share of group health insurance coverage and Medicare supplement insurance. The policy does not define if the coverage includes the cost of a single policy or if it includes the cost of the retiree and the retiree's spouse. During the year 2014, the County paid the cost of insurance coverage for spouses of the County Sheriff's Department retirees, but actual costs would not be determined.

Ordinance 13-1997 states in part: ". . . the Auditor shall pay the 'Retired employee's share' for group health insurance benefits . . . and . . . the premiums for eligible retiree's Medicare supplemental insurance." The ordinance further states: "Group health insurance benefits shall be available to the retiree's eligible spouse."

Although the policy states that coverage will be made available for the spouses to participate in insurance coverage, it does not address who is responsible for paying the costs.

A similar comment was included in prior Reports B40236, B40884, B43008, and B45854.

All types of employee benefits must 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 1)

***TREASURER'S NON-REVERTING FUND***

Fees collected that are associated with delinquent property taxes were being receipted into a locally established, Treasurer's Non-Reverting fund instead of the General fund as required by statute. The Treasurer's Non-Reverting fund was established by Ordinance No. 1-2010 and adopted by the Board of County Commissioners on January 7, 2010.

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 6-1.1-23-7 states:

"(a) With respect to the collection of delinquent personal property taxes, the county treasurer shall charge the following collection expenses to each delinquent taxpayer:

- (1) For making a demand by:
  - (A) registered or certified mail, eight dollars (\$8); or
  - (B) any other manner permitted by section 1 of this chapter, five dollars (\$5).
- (2) For making a levy, ten dollars (\$10).
- (3) For selling personal property, ten percent (10%) of the sale price.
- (4) For advertising a sale, the legal rates for advertising.
- (5) For transfer and storage of personal property, the actual expense incurred.
- (6) Other reasonable expenses of collection, including:
  - (A) title search expenses;
  - (B) uniform commercial code search expenses; and
  - (C) reasonable attorney's fees or court costs incurred:
    - (i) in the collection process;
    - (ii) due to a court order; or
    - (iii) due to an order of the treasurer; under IC 6-1.1-23-10.

(b) The fees collected under this section are the property of the county and shall be deposited in the county general fund. The collection expenses incurred in connection with the levy upon and sale of personal property shall be paid from the county general fund without prior appropriation."



# BOARD OF COMMISSIONERS

Clark County Government Building, Room 404  
501 East Court Avenue • Jeffersonville, Indiana 47130  
812.285.6275 • Fax 812.285.6366 • www.co.clark.in.us

Jack Coffman  
Bryan Glover  
Connie Sellers

R. Scott Lewis, County Attorney

February 20, 2017

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

Re: Clark County Commissioners' Official Response to 2014 Audit Comments

Please accept this letter as our official response to the audit comments noted in the 2014 audit report for Clark County.

## **Credit Cards**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will review the current procedures for using credit cards and will consult the County Attorney regarding a credit card policy. Procedures will be implemented if needed to strengthen internal controls regarding the use of credit cards.

## **Fund Sources and Uses**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will implement stronger controls regarding the sale of property and the appropriate fund to which those proceeds should be made. In addition, the Commissioners will discuss this issue with the appropriate personnel to ensure that funds are used correctly and in accordance with the statutes.

## **Cash Receipts - Disbursements**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

Any donations received by the Commissioners will be receipted into the County's ledger in a timely manner and used in accordance with laws and regulations. All compensation and benefits paid to employees will be paid in accordance with approved salary ordinances.

**Internal Controls**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will discuss the processes for receipting, disbursing and the general accounting of funds in the Highway Department with the new Highway Clerk. With regard to internal controls in general, the Commissioners have implemented many internal controls throughout Clark County Government and have provided internal control training to approximately 100 employees. Strong controls will continue to be developed throughout Clark County government

**Cumulative Capital Development Fund Expenditures**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners make a diligent effort to ensure that expenditures from the Cumulative Capital Development Fund are used only when there is "Immediate Action" spending needed to protect the public health, welfare or safety in an emergency situation. The Commissioners will closely scrutinize the correct fund from which expenditures are made to ensure accuracy in reporting and appropriations.

**Tax List Fee**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will review this ordinance with the County Attorney to determine the appropriateness of the fee. Appropriate changes will be made as necessary.

**Public Works Project**

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will review this issue with the County Attorney and the Engineer for the Landfill to ensure future compliance with all applicable laws and regulations.

**Health Insurance Benefits for Retirees**

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid. Current ordinances will be updated if necessary.

**Medicare Supplemental Insurance for Retirees**

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with formal policies currently in place. Current ordinances will be updated if necessary

**Insurance for Sheriff Department Retiree Spouses**

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

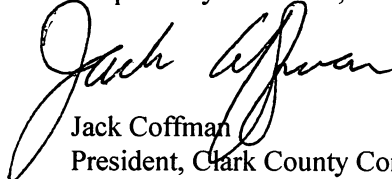
The County will review all retiree benefits for compliance with the Ordinances relating to Health Insurance Benefits for Retirees to ensure that only amounts duly authorized and in accordance with the ordinances are paid. All ordinances relating to retirees will be reviewed and amended as needed to provide further clarification on this issue.

**Treasurer's Non-Reverting Fund**

Contact Person: Jack Coffman  
Title: President, Board of Commissioners of Clark County  
Phone Number: 812-285-6275

Fees collected that are associated with delinquent property taxes are now being receipted into the General Fund.

Respectfully submitted,



Jack Coffman  
President, Clark County Commissioners

Cc: Scott Lewis, Clark County Attorney  
file

BOARD OF COUNTY COMMISSIONERS  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara C. Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

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COUNTY HIGHWAY  
CLARK COUNTY

COUNTY HIGHWAY  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS

**COMPENSATION AND BENEFITS**

Payments were made with a vendor claim and the issuance of 1099s to two County Highway Department employees for overtime hours worked instead of processing the payments through the payroll system where withholdings of federal, state, and local taxes and related employee benefits would be required.

A similar comment was included in prior Report B45854.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 must be paid 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)

**APPROPRIATIONS**

The following fund had expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended
Clark County Donation Fund B	\$ 7,075

The Clark County Donation Fund B is funded primarily from the sale of scrap materials at the County Highway Garage and not donations for specific purposes. Receipts of that nature should be recorded in the County Highway fund and budgeted accordingly.

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."

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."

COUNTY HIGHWAY  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**FUND SOURCES AND USES**

Clark County established the Clark County Donation Fund B. Receipts to the fund were primarily from the sale of scrap materials at the County Highway Garage, not donor specified donations.

Disbursements of \$7,075 for 2014 included payments for a Health Fair, Christmas Party, gift cards to employees, and supplies.

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)

**INTERNAL CONTROLS**

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient for the Commissioner's office. Checks from vendors were received by the Commissioner's Highway Clerk. These checks were not receipted and deposited but cashed and paid to County employees and their children at a Christmas party. No records or lists were maintained to determine the amount of collections, cash given the employees and their children, or any balances remaining after the party. Controls were not in place to see that all collections were properly receipted, deposited and disbursed as required.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

# Clark County Highway Department

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Clark County Government Building

501 East Court Avenue, Suite 404

Jeffersonville, Indiana 47130

Fax 812-285-6366 E-Mail: [sdaniel@co.clark.in.us](mailto:sdaniel@co.clark.in.us)

**James Ross**

Highway Superintendent

(812) 246-9571

**Brian Dixon**

County Engineer

(812) 285-6286

**Sarah Daniel**

Highway Administration

(812)285-6276

February 20, 2017

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

Re: Clark County Highway Department's Official Response to 2014 Audit Comments

Please accept this letter as our official response to the audit comments noted in the 2014 audit report for the Clark County Highway Department.

## Compensation and Benefits

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

Currently, all compensation, including benefits, paid to highway employees is processed through the payroll system.

## Appropriations

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Clark County Commissioners, in coordination with the Auditor's Department, will make sure appropriations are received for the Donation Fund B

## Fund Sources and Uses

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will implement stronger controls regarding the sale of property and the appropriate fund to which those proceeds should be made. In addition, the Commissioners will discuss this issue with the appropriate personnel to ensure that funds are used correctly and in accordance with the statutes.

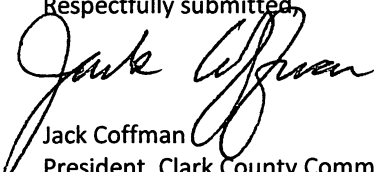
Indiana State Board of Accounts

Internal Controls

Contact Person: Jack Coffman  
Title: President, Board of County Commissioners  
Phone Number: 812-285-6275

The Commissioners will discuss the processes for receipting, disbursing and the general accounting of funds in the Highway Department with the new Highway Clerk. With regard to internal controls in general, the Commissioners have implemented many internal controls throughout Clark County Government and have provided internal control training to approximately 100 employees. Strong controls will continue to be developed throughout Clark County government

Respectfully submitted,



Jack Coffman  
President, Clark County Commissioners

Cc: Scott Lewis, Clark County Attorney  
file

COUNTY HIGHWAY  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara C. Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY SHERIFF  
CLARK COUNTY

COUNTY SHERIFF  
CLARK COUNTY  
FEDERAL FINDING

**FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS  
AND REPORTING - COUNTY SHERIFF'S DEPARTMENT**

*Condition*

Multiple problems were identified with the computerized financial system being used by the County Sheriff's Department that restricted the ability to audit the financial transactions. The County Sheriff's Department did not have a proper internal control system in place to ensure all financial activity was properly accounted for and recorded in the financial records.

The following problems were identified with the financial activity of the County Sheriff's Department:

1. Financial statement amounts reported were not reflective of amounts shown in the County Sheriff's Department computerized financial ledger. Financial reports generated from the computerized accounting system were not accurate. Reporting information duplicated some receipt and disbursement transactions and reported these amounts in multiple receipt and disbursement categories resulting in incorrect financial figures.
2. Source document numbers, such as receipt and check numbers, were not properly recorded in the computer system. For a single receipt transaction, the source document receipt number shown on financial reports would indicate a different number depending upon the type of report printed. The financial reports showing disbursement activity did not include a check number.
3. The computerized depository reconciliation program did not generate correct financial information. Information generated on the reports was based upon financial activity clearing the bank instead of actual financial activity recorded and the record balances.
4. Monies received for services and sale of property processed through the County Sheriff's Department PayPal account were not recorded in the financial records. Monies were retained in the PayPal account and used to make purchases. Disbursements activity associated with the PayPal account was not recorded within the financial records.
5. Some Supplemental CAR-1 Sheriff's Inmate fund activity related to the County Sheriff's Department debit card program was not reflected in the financial records.

*Criteria*

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statement may have adverse financial consequences with the possibility of an increase in interest costs to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
CLARK COUNTY  
FEDERAL FINDING  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (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 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 other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

*Cause*

Proper controls were not in place to monitor financial activity and ensure all financial activity is recorded with the financial system. Financial reports were not being reviewed to ensure activity generated from the computerized system was complete and accurate. Controls were not in place to reconcile subsidiary records with control records to determine if financial activity was being properly recorded and captured within the system. A control system was not in place to ensure that all payments received by credit card were properly recorded and monies were actually received from the credit card company. Controls were not in place to ensure proper accountability over debit cards issued to ensure proper accountability of funds. Procedures were not in place to request financial information from the company used to process the debit cards to ensure the financial activity was accurately processed and accounted for within the County Sheriff's Department financial records.

*Effect*

The failure to have a system in place to properly monitor financial activity resulted in incorrect financial reporting and the inability to determine proper accountability of funds. A qualification was issued on the financial statements related to the financial activity of the County Sheriff's Department which could have resulted in increased debt borrowing costs to the County.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

# Clark County Sheriff's Office

Jamey Noel  
Sheriff

(812) 283-4471

501 East Court Avenue, Ste. 159  
Jeffersonville, Indiana 47130

## CORRECTIVE ACTION PLAN

### FINDING 2014-002

Contact Person Responsible for Corrective Action: Diane Shahroudi/Bookkeeper  
Contact Phone Number: 812-283-4471 ext. 3134

#### ***Description of Corrective Action Plan:***

The SBOA audit report prepared for the Clark County Sheriff's Department has indicated certain items that need addressed, predominantly relating to that of the computerized financial systems. As indicated in the 2013 audit report and corrective action plan, the computerized program that was being utilized had several issues and was not sufficient in handling the departmental needs. The audit report for 2013 wasn't issued until May of 2015, therefore the issues with the computerized program carried through 2014 as well.

#### #1-#3 – as identified by SBOA in the finding report 2014-002

#1-#3 all relate to the computerized financial system. As indicated in the Clark County Sheriff's corrective action plan for 2013, a plan was made to implement three new and separate computer programs to handle the departmental accounts, instead of the one computerized program (Tiger) that had previously been used. The new computerized financial systems that have been implemented are intended to adequately identify the source and application of funds, properly handle source document/check numbers, and generate accurate financial information. The timeline of when the programs were implemented are listed below:

- Bonds and Inmate Trust accounts transferred out of Tiger financial reporting system to Lockdown/Tech Friends financial reporting system in May 2015
- Sheriff's Cash account transferred out of Tiger financial reporting system to Lieberman financial reporting system in August 2015
- Property Sales account transferred out of Tiger financial reporting system to QuickBooks financial reporting system in January 2016
- Commissary account transferred out of Tiger financial reporting system to QuickBooks financial reporting system in November 2015

#### #4 – as identified by SBOA in the finding report 2014-002

# Clark County Sheriff's Office

Jamey Noel  
Sheriff

(812) 283-4471

501 East Court Avenue, Ste. 159  
Jeffersonville, Indiana 47130

Policies have been enforced that will allow for the proper recording of funds received for services and the sale of property via the Sheriff Department's PayPal account. This policy also includes the recording of any Disbursement activity associated with the PayPal account. PayPal statements will be reviewed and retained in the Sheriff's office and filed appropriately with any applicable receipts.

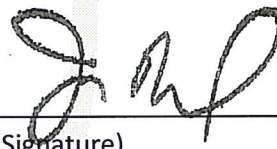
#5 – as identified by SBOA in the finding report 2014-002

With the change in the computerized financial system for the Inmate Trust Fund, all activity including to that relating to the Department's debit card program should be reflected in the financial records as of May 2015, the date that Lieberman was installed.

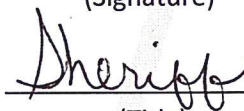
In addition to the responses listed above, an independent CPA firm was retained as of April 2015, to assist in improving these areas of deficiencies that were inherited, and will continue to do so to ensure all financial requirements are met and proper records are being retained.

In closing, we are making every effort to be efficient and effective in our procedures and are immediately addressing if we become aware of a discrepancy or a weakness. We will continue to work to improve on our financial recordkeeping and continue to review our computerized programs to ensure they are meeting the requirements of our department.

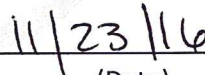
Anticipated Completion Date: These changes/corrections are already being implemented and will be ongoing.



(Signature)



(Title)



(Date)

COUNTY SHERIFF  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS

**COMPENSATION AND BENEFITS**

Payments were made with a vendor claim and the issuance of 1099s to 15 County Sheriff's Department employees for overtime hours worked instead of processing the payments through the payroll system where withholdings of federal, state, and local taxes and related employee benefits would be required.

A similar comment was included in prior Report B45854.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 must be paid 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)

**OFFICIAL BONDS**

The Surety Bond for Daniel Rodden, County Sheriff, was insufficient per the Indiana Code. Brian Meyer, County Sheriff, appointed effective October 13, 2014, did not obtain an individual surety bond.

A similar comment was included in prior Report B45854.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.

COUNTY SHERIFF  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of 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 government unit, including those officers described in subsection (a).

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000). . . ."

COUNTY SHERIFF  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2017, with Jamey Noel, County Sheriff; Diane Shahrودي, Secretary/Bookkeeper; and Marcy Franklin, CPA/Contract Accountant.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara C. Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
FEDERAL FINDINGS

***FINDING 2014-003 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS  
AND REPORTING - CLERK OF THE CIRCUIT COURT***

*Condition*

Deficiencies were noted in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting. The lack of segregation of duties existed without sufficient compensating controls in place.

The Clerk of the Circuit Court had not separated incompatible activities related to receipts, disbursements, and cash and investments. One individual was responsible for performing the reconciliation of the depository account balance with the record balance, reconciling of the trust subsidiary record with the control record, preparing and making bank deposits, reconciling daily cash collections, recording receipt and disbursements transactions in the ledger, recording adjustments in the ledger, issuing checks, and preparing the supplemental Annual Financial Report.

*Criteria*

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court of Indiana, Chapter 13)

*Cause*

Management of the Clerk of the Court had not established a proper system of internal control.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected and increased the risk for incorrect financial reporting.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
FEDERAL FINDINGS  
(Continued)

***FINDING 2014-004 - ALLOWABLE COSTS/COSTS PRINCIPLES***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): FY2014  
Pass-Through Entity: Indiana Department of Child Services

*Condition*

Management of the County had not established an effective internal control system over the Allowable Costs/Cost Principles compliance requirement.

The County Prosecuting Attorney's office and the Clerk of the Circuit Court were required to maintain periodic certifications (time and effort reports) on all full and part-time employees paid entirely from the grant funds. There were no periodic certifications completed for employees that were paid from IV-D Incentive funds.

*Context*

The County Prosecuting Attorney's office and the Clerk of the Circuit Court were not aware that periodic certifications were required to be completed for employees paid from IV-D Incentive funds. Therefore, for the audit period no periodic certifications were completed for any employees paid from IV-D Incentive funds.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides 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. . . ."

OMB Circular A-87, Attachment B, item 8h, states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
FEDERAL FINDINGS  
(Continued)

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

*Cause*

Those in charge of administrating the Child Support Enforcement program in the County Prosecuting Attorney's office and the Clerk of the Circuit Court were unaware of the requirements for time and effort reporting for employees receiving compensation from IV-D Incentive Funds.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County Prosecuting Attorney's office and Clerk of the Circuit Court establish controls related to the grant agreement and compliance requirement pertaining to Allowable Costs/Cost Principles to ensure that all requirements are complied with in the future.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



## SUSAN POPP

812.285.6244 Phone  
812.285.6372 Fax  
www.co.clark.in.us

## Clerk of Courts

Clark County Government Building  
501 E. Court Avenue, Room 137  
Jeffersonville, IN 47130

December 2, 2016

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

Re: 2014 Corrective Action Plan

Please accept this letter as the Clerk of the Circuit Court's official response to the audit findings noted in the 2014 audit report for Clark County.

### Finding 2014-003

Contact Person Responsible for Corrective Action: Susan Popp  
Title: Clerk of the Circuit Court  
Phone Number: 812-285-6244

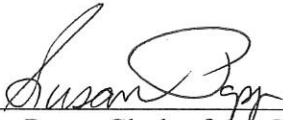
The Clerk's office has reviewed the duties of office personnel responsible for financial transactions in order to identify areas in which stronger controls are needed. Changes have been implemented to help ensure that employees responsible for bank reconciliations have limited additional duties that would create internal control weaknesses over financial transactions. In addition, the Clerk reviews reconciliations on a monthly basis to ensure accuracy, and stronger controls are being implemented to ensure that deposits are reconciled daily and any adjustments are noted. The Clerk is also receiving digital bank statements directly from the bank that are used to verify all deposits remitted to the bank are in the same amounts as internal source documents. There are currently automatic controls in place in many areas of the financial transactions since receipts reported and signed by one employee are verified by another employee prior to depositing. Beginning December 1, 2016, disbursements for state fees are now mandated to be remitted electronically by the Clerk of the Courts thereby removing employees from performing this function. In addition, the Clerk is in the process of hiring an employee in the financial department that will allow greater separation of duties within that department and stronger controls will be implemented over disbursements. Employee tasks will be reviewed and internal control processes will be implemented at key points to strengthen controls. Processes have been identified that will allow greater oversight in the preparation of the CAR-1 annual report.

Finding 2014-004

Contact Person Responsible for Corrective Action: Susan Popp  
Title: Clerk of the Circuit Court  
Phone Number: 812-285-6244

The Clerk's office is currently requiring signatures from employees for monthly time charged to the IV-D program. In addition, to ensure additional oversight and separation of duties, the Clerk is using the services of an outside vendor to assist them with preparing and submitting information relating to grant activities.

Respectfully submitted,



---

Susan Popp, Clerk of the Circuit Court

Date: 12/2/2016

Cc: File

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

Monthly reconciliations of the depository account balance with the Cash Book record balance were performed by the Clerk of the Circuit Court for court accounts; however, the reconciliations contained unidentified differences and did not balance. A comparison of the Cash Book record balance with the depository account balance at December 31, 2014, showed cash necessary to balance in the amount of \$5,141.56. The reconciliation differences have remained the same since December 31, 2013.

The ISETS (child support) account also shows a "cash necessary to balance" in the amount of \$605 at December 31, 2014. This was caused by a \$500 bank posting error in February of the year 2008 and a dishonored check in the amount of \$105 during 2009. The bank declined making a correction to the bank records for the bank posting error because the Clerk of the Circuit Court did not notify them of the error timely. No documentation was presented for audit showing that the Clerk of the Circuit Court referred the dishonored check to the County Prosecuting Attorney within 90 days after it was received.

The \$500 bank error that the bank would not correct due to not being notified timely of the error was repaid by Barbara Haas, Clerk of the Circuit Court, on November 17, 2015.

A similar comment was included in prior Report B47101.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

If the clerk is unable to obtain payment of a dishonored check, not later than ninety (90) days after the check was initially received, the matter shall be reported to the Prosecuting Attorney for the county. Clerks are not personally liable for dishonored checks if the required collection attempts and reporting are performed. If the dishonored check is related to support payments, IC 33-32-4-6 authorizes clerks to reimburse support accounts from support fees for the funds improperly disbursed through an error or because a check or money order was dishonored by a financial institution. The clerk is required to notify the prosecutor and pursue collection of these support fees. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 6)

The County is directed to approve procedures to restore the cash necessary to balance amount of \$5,141.56 in the Trust fund of the Clerk of the Circuit Court that has been outstanding since December 31, 2013. The County is also directed to restore the \$105 resulting from the dishonored check to the ISETS account from the support fees collected by the County.

On January 18, 2017, monies were received from the County General fund to cover the cash necessary to balance.

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**COLLECTION OF AMOUNTS DUE**

On June 7, 2013, the Clerk of the Circuit Court received an order for the release of a cash bond posted on behalf of a defendant. The order required \$1,754 to be paid to the bond payor. The Clerk of the Circuit Court inadvertently disbursed the amount owed to the bond payor twice resulting in an overpayment of \$1,754. Upon discovery of the overpayment, the bond payor was contacted and requested to repay \$1,754. The bond payor stated that she was unable to pay the overpayment in full at that time but would make payments. The Clerk of the Circuit Court agreed to allow the bond payor to make payments, however, there was no written agreement or contract stating the terms of the repayment or time period for full repayment. As of December 31, 2014, repayments totaling \$435 have been received from the bond payor leaving the amount of \$1,319 still due to the County. The County is in the process of trying to obtain a written agreement with the payor for full repayment.

A similar comment was included in prior Report B47101.

Units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

The County is directed to approve procedures to restore the \$1,319 to the Trust fund of the Clerk of the Circuit Court.

On January 18, 2017, monies were received from the County General fund to cover the balance on the overpayment from the Trust fund.

**OFFICIAL BONDS**

The Surety Bond for Barbara Haas, Clerk of the Circuit Court, was insufficient per the Indiana Code.

A similar comment was included in prior Report B47101.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond:

- (1) City judges, controllers, clerks, and clerk-treasurers.
- (2) Town judges and clerk-treasurers.
- (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks.
- (4) Township trustees.
- (5) Those employees directed to file an individual bond by the fiscal body of a city, town, or county.
- (6) Township assessors (if any).

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of 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 government unit, including those officers described in subsection (a)."

(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.

County auditors shall file bonds in amounts of not less than thirty thousand dollars (\$30,000), as fixed by the fiscal body of the county. The amount of the bond of any other person required to file an individual bond shall be fixed by the fiscal body of the unit at not less than fifteen thousand dollars (\$15,000). . . ."

CLERK OF THE CIRCUIT COURT  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2017, with Susan Popp, Clerk of the Circuit Court, and Nancy Shepherd, Deputy Clerk of the Circuit Court.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara C. Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY PROSECUTING ATTORNEY  
CLARK COUNTY

COUNTY PROSECUTING ATTORNEY  
CLARK COUNTY  
FEDERAL FINDINGS

***FINDING 2014-004 - ALLOWABLE COSTS/COSTS PRINCIPLES***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): FY2014  
Pass-Through Entity: Indiana Department of Child Services

*Condition*

Management of the County had not established an effective internal control system over the Allowable Costs/Cost Principles compliance requirement.

The County Prosecuting Attorney's office and the Clerk of the Circuit Court were required to maintain periodic certifications (time and effort reports) on all full and part-time employees paid entirely from the grant funds. There were no periodic certifications completed for employees that were paid from IV-D Incentive funds.

*Context*

The County Prosecuting Attorney's office and the Clerk of the Circuit Court were not aware that periodic certifications were required to be completed for employees paid from IV-D Incentive funds. Therefore, for the audit period no periodic certifications were completed for any employees paid from IV-D Incentive funds.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides 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. . . ."

OMB Circular A-87, Attachment B, item 8h, states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

COUNTY PROSECUTING ATTORNEY  
CLARK COUNTY  
FEDERAL FINDINGS  
(Continued)

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

*Cause*

Those in charge of administrating the Child Support Enforcement program in the County Prosecuting Attorney's office and the Clerk of the Circuit Court were unaware of the requirements for time and effort reporting for employees receiving compensation from IV-D Incentive Funds.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County Prosecuting Attorney's office and Clerk of the Circuit Court establish controls related to the grant agreement and compliance requirement pertaining to Allowable Costs/Cost Principles to ensure that all requirements are complied with in the future.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-005 - REPORTING**

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): FY2014  
Pass-Through Entity: Indiana Department of Child Services

*Condition*

Management of the County had not established an effective internal control system over the Reporting compliance requirement.

COUNTY PROSECUTING ATTORNEY  
CLARK COUNTY  
FEDERAL FINDINGS  
(Continued)

The individuals preparing and approving the monthly claims for reimbursement in the County Prosecuting Attorney's office did not properly verify that the costs reported on the Monthly Expense Claims were in agreement with the financial records of the County. An employee was paid from the IV-D budget, but no evidence was presented that the employee was performing IV-D duties. The salary and benefits of this employee should not have been included in the amount reported on the Monthly Expense Claim, however, this employee's salary and benefits were reported as monthly expenses on 3 of the 12 Monthly Expense Claims filed in 2014. In two other instances, mathematical errors were noted on the Monthly Expense Claims. Prior period adjustments were submitted in subsequent months and audit periods to attempt to correct the errors.

*Context*

Individuals were not properly preparing and approving the Monthly Expense Claim in the County Prosecuting Attorney's office. As a result, 5 of the 12 Monthly Expense Claims submitted for reimbursement by the County Prosecuting Attorney's office contained errors.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides 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. . . ."

45 CFR 92.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. . . ."

*Cause*

The Monthly Expense Claim was not being properly prepared and reviewed by the County Prosecuting Attorney's office.

COUNTY PROSECUTING ATTORNEY  
CLARK COUNTY  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or Reporting requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County Prosecuting Attorney's office establish controls related to the grant agreement and compliance requirements pertaining to Reporting.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



4th Judicial Circuit  
State of Indiana

**OFFICE OF THE PROSECUTING ATTORNEY  
JEREMY MULL**

Clark County Prosecuting Attorney  
501 East Court Avenue  
215 County Government Building  
Jeffersonville, IN 47130

Child Support Division  
(812)285-6261 / FAX (812) 280-5633  
childsupport@co.clark.in.us

Criminal Division  
(812) 285-6264 / FAX (812) 285-6259

November 10, 2016

**CORRECTIVE ACTION PLAN**

**FINDING #2014-004**

**Contact Person Responsible for Corrective Action:** Sarah M. Hart, IV-D Child Support Director.  
**Contact Phone Number:** (812) 285-6261

**Views of Responsible Official:** We concur with the finding.

**Description of Corrective Action Plan:** Child Support Director Sarah M. Hart will oversee preparation of periodic certifications (time and effort reports) for employees paid from IV-D incentive funds.

**Anticipated Completion Date:** A Personnel Activity Report will be completed for the employee who is partially paid out of IV-D incentive funds. The Semi-Annual IV-D Time and Efforts Certification will be completed twice a year – June 30 and December 31. The Semi-Annual IV-D Time and Efforts Certification were prepared for 2015, but may have been omitted from documents submitted for the audit. They are available to be reviewed.

**FINDING #2014-005**

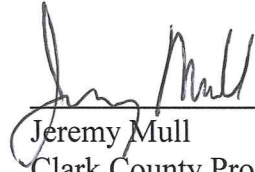
**Contact Person Responsible for Corrective Action:** Sarah M. Hart, IV-D Child Support Director.  
**Contact Phone Number:** (812) 285-6261

**Views of Responsible Official:** We are unable to agree or disagree with the finding, as we have not reviewed the specific records supporting the SBOA’s contention that the Prosecutor’s Monthly Expense Claims were incorrect in five out of twelve months for 2014. However, as the audit findings reflect, there were prior period adjustments to attempt to correct the errors.

**Description of Corrective Action Plan:** Child Support Director Sarah M. Hart began overseeing the preparation of Monthly Expense Claims in approximately September of 2015. Therefore, we anticipate from that point forward, any errors have been minimized. Further, the Prosecutor is not intending to claim reimbursement for the employee being paid partially from the IV-D budget who is

not performing IV-D duties. Therefore, if this was claimed in three months in 2014, it was done so in error. Also, we have also attempted to eliminate this budget item from the 2017 IV-D budget and are awaiting approval.

**Anticipated Completion Date:** This implemented plan is ongoing.



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Jeremy Mull  
Clark County Prosecuting Attorney

COUNTY PROSECUTING ATTORNEY  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 6, 2017, with Jeremy Mull, County Prosecuting Attorney.

COUNTY PROBATION DEPARTMENT  
CLARK COUNTY

COUNTY PROBATION DEPARTMENT  
CLARK COUNTY  
AUDIT RESULT AND COMMENT

***INTERNAL CONTROLS PROBATION DEPARTMENT RECEIPTS***

Internal controls over the receipt collections in the County Probation Department were insufficient. The County Probation Department issues a combination of manual receipts and computer generated receipts. Manual receipts were issued if the computer system was down; monies were collected after the mid-afternoon close out of the daily collections; or the probationer's case was not set up in the computer system.

The following deficiencies in internal controls were noted over receipts issued:

1. Proper controls were not in place over the receipt books issued to ensure proper accountability for all of the receipts issued. A master list of the receipt books issued and the related receipt numbers was not maintained along with the individual to whom the receipt books were issued, to ensure that all receipt numbers are accounted for. The receipts issued were not always prescribed receipts with the name of the County printed on the receipt and a control over the receipt numbers. Instead, a generic receipt book was used that did not provide proper controls and accountability over the receipt issued.
2. Manual receipts issued were to be entered into the computerized accounting system to account for the amount paid by each probationer and the related balance owed. There were no controls in place to ensure that all of the manual receipts had been entered into the computer system to properly credit the monies received to the probationers' account and to account for the monies received.
3. Monies were not remitted timely to the County Auditor. If a probationer's case had not been created in the system at the time the monies were collected, the money and the manual receipt would be held until the time the probationer's case had been created in the computer system. Testing of receipts identified instances in which monies were held up to seven days before being receipted into the computerized system and remitted to the County Auditor.
4. Procedures were not in place whereby collections per the County Probation Department records were compared to amounts recorded in the County Auditor's ledger to ensure all monies had been remitted and recorded properly. Failure to review collections resulted in monies collected in June 2012 being misplaced and subsequently found in November 2014, at which time the monies were remitted to the County Auditor.

Procedures should be implemented to minimize the need for manual receipts. The daily cash drawer should be closed out at the end of the day, instead of the middle of the day, or if the cash drawer is closed out during the day, a second cash drawer should be opened to account for the collections. A person not involved in the collection process should be responsible for ordering receipt books and maintaining an

COUNTY PROBATION DEPARTMENT  
CLARK COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

inventory of receipt books assigned to individuals in order to ensure that all receipts are properly accounted for. Probationer cases should be established within the computer system in a timely manner to enable receipts to be issued within the computer system when the monies are received. Collections per the County Probation Department's records should be compared with collections recorded in the County Auditor's records to ensure all monies are accounted for and recorded properly.

A similar comment was included in prior Report B45854.

Indiana Code 5-13-6-1(c) provides in part:

". . . all local officers . . . who collect public funds of their respective political subdivision, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds . . . Public funds deposited under this subsection shall be deposited in the same form in which they are received."

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

COUNTY PROBATION DEPARTMENT  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2017, with the Honorable Vicki Carmichael, Circuit Court #4 Judge.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.

COUNTY TREASURER  
CLARK COUNTY

COUNTY TREASURER  
CLARK COUNTY  
AUDIT RESULT AND COMMENT

**TREASURER'S NON-REVERTING FUND**

Fees collected that are associated with delinquent property taxes were being receipted into a locally established, Treasurer's Non-Reverting fund instead of the General fund as required by statute. The Treasurer's Non-Reverting fund was established by Ordinance 1-2010 and adopted by the Board of County Commissioners on January 7, 2010.

Indiana Code 6-1.1-23-7 states:

"(a) With respect to the collection of delinquent personal property taxes, the county treasurer shall charge the following collection expenses to each delinquent taxpayer:

- (1) For making a demand by:
  - (A) registered or certified mail, eight dollars (\$8); or
  - (B) any other manner permitted by section 1 of this chapter, five dollars (\$5).
- (2) For making a levy, ten dollars (\$10).
- (3) For selling personal property, ten percent (10%) of the sale price.
- (4) For advertising a sale, the legal rates for advertising.
- (5) For transfer and storage of personal property, the actual expense incurred.
- (6) Other reasonable expenses of collection, including:
  - (A) title search expenses;
  - (B) uniform commercial code search expenses; and
  - (C) reasonable attorney's fees or court costs incurred:
    - (i) in the collection process;
    - (ii) due to a court order; or
    - (iii) due to an order of the treasurer; under IC 6-1.1-23-10.

(b) The fees collected under this section are the property of the county and shall be deposited in the county general fund. The collection expenses incurred in connection with the levy upon and sale of personal property shall be paid from the county general fund without prior appropriation."

COUNTY TREASURER  
CLARK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2017, with David Reinhardt, County Treasurer.

The contents of this report were discussed on February 9, 2017, with Connie Sellers, Commissioner; Barbara C. Hollis, President of County Council; R. Scott Lewis, County Attorney; and Jill W. Oca, CPA/Contract Consultant.