

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DAVISS COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
09/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gail Doades	01-01-11 to 12-31-14
	Patricia K. Ball	01-01-15 to 12-31-18
County Treasurer	Elaine Wellman	04-22-13 to 12-31-18
Clerk of the Circuit Court	Sherri Healy	01-01-11 to 12-31-14
	Janice M. Williams	01-01-15 to 12-31-18
County Sheriff	Jerry Harbstreit	01-01-11 to 12-31-18
County Recorder	Jamie Chapman	01-01-13 to 12-31-20
President of the Board of County Commissioners	Anthony D. Wichman	01-01-13 to 12-31-14
	C. Michael Taylor	01-01-15 to 12-31-16
	Nathan Gabhart	01-01-17 to 12-31-17
President of the County Council	Jo Arthur	01-01-14 to 12-31-14
	Mike Sprinkle	01-01-15 to 12-31-15
	Mike Myers	01-01-16 to 12-31-16
	Mike Sprinkle	01-01-17 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

TO: THE OFFICIALS OF DAVIESS COUNTY, INDIANA

This report is supplemental to our audit report of Daviess 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/.

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

September 19, 2017

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COUNTY AUDITOR
DAVISS COUNTY

COUNTY AUDITOR
DAVISS COUNTY
FEDERAL FINDINGS

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

Condition

The County did not have proper controls in place over the preparation of the Schedule of Expenditures of Federal Awards (SEFA) to ensure accurate reporting of federal awards. Federal expenditures were not reported for two grants totaling \$10,207. Federal expenditures for four grants were overstated by a total of \$57,334, and federal expenditures for three grants were understated by a total of \$33,677. In addition, the program title and CFDA number were incorrectly reported for one federal program, and no identifying numbers were reported for any federal programs.

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

Criteria

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. . . ."

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 § _____.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
DAVIESS COUNTY
FEDERAL FINDINGS
(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. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

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

FINDING 2014-003 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were deficiencies in the internal control system of the County Auditor and the Board of County Commissioners related to financial transactions and reporting regarding economic development activities. Adequate controls were not in place to ensure that contracts and agreements entered into by the County were adhered to and that disbursements for economic development activities had adequate documentation to ensure the funding was used for their intended purposes.

COUNTY AUDITOR
DAVIESS COUNTY
FEDERAL FINDINGS
(Continued)

Loan Agreement

The County entered into a loan agreement with Daviess County Economic Development Foundation, Inc (Foundation), a not-for-profit entity, on June 1, 2006, to lend the \$5,125,000 proceeds of the Taxable Economic Development Income Tax Revenue Bonds of 2006, Series A and B to the Foundation. The loan agreement states: "The Series 2006 Bonds issued under the Indenture will be payable solely out of: (i) the payments to be made by the Borrower on the Series 2006 Notes and any other notes issued hereunder; (ii) the City Annual Appropriation, the County EDIT Pledge, junior and subordinate to the 2005 Bonds, and County Revenues . . . ; and (iii) Bond proceeds and proceeds of condemnation and insurance." The Bond Purchase Agreement dated June 22, 2006, also indicates in subsection (1)(c)(5): ". . . the Bonds are payable from loan repayments from the Borrower under the Loan Agreement, offset by available County EDIT Pledge, County Revenues and City Annual Appropriation, to the extent available."

There was no evidence that the Foundation made any loan payments to the County throughout the duration of the agreement in accordance with the Loan Agreement referred to above. The County paid off the 2006 Series A and B Bonds early on March 30, 2017, using County General funds in the amount of \$2,196,073.

Disbursement Documentation

The Board of County Commissioners and the County Auditor approved and processed disbursements to several not-for-profit entities for economic development activities without adequate documentation to ensure the funds were spent for their intended uses. Disbursements were made in 2014 to the following entities without proper documentation:

Daviess County Economic Development Corporation (Corporation)	\$ 99,640
Daviess County Economic Development Foundation (Foundation)	182,500
Daviess County Revolving Loan Corporation	225,000
Daviess County Economic Development Commission (Commission)	<u>45,000</u>
Total Disbursed without Adequate Supporting Documentation	<u>\$ 552,140</u>

All the entities noted above maintained the same mailing and business address so all payments went to the same business location. There were no contracts, invoices, or other documentation to indicate what the payments to the Revolving Loan Corporation and the Commission were for. Additionally, the check issued to the Commission was cashed by the Corporation.

The County provided a contract with the Corporation and Foundation. However, both contracts provided were exactly the same, including the services to be provided, date signed, and signatures of officers. The claims for payment submitted to the County Auditor and approved by the Board of County Commissioners included invoices from the Corporation and the Foundation, but the invoices were not itemized and only included a time period for the invoice and a total amount due. The contract (as noted below) stated that the invoice shall itemize hours expended by each category of employee.

Criteria

Each contract had specific wording for submitting invoices for payment as follows:

COUNTY AUDITOR
DAVISS COUNTY
FEDERAL FINDINGS
(Continued)

"The Foundation (or Corporation) shall submit invoices to Daviess County for the services performed on a periodic basis, not more often than monthly, utilizing claim forms acceptable to the Indiana State Board of Accounts and Daviess County Auditor, itemizing the number of hours expended by each category of employees set forth in Exhibit A."

"The Corporation shall submit invoices to Daviess County for the services performed on a periodic basis, not more often than monthly, utilizing claim forms acceptable to the Indiana State Board of Accounts and Daviess County Auditor, itemizing the number of hours expended by each category of employees set forth in Exhibit A."

Exhibit A in both contracts specified the positions and hourly rates of employees as Executive Director, \$95 per hour; Engineer, \$75 per hour; and Administrative Assistant, \$24.50 per hour.

Payments made or received for contractual services must 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)

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)

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."

Cause

Management of the County had not established a proper system of internal control over financial activities regarding economic development activities.

Effect

The failure to establish controls enabled noncompliance with the contracts to remain undetected.

Views of Responsible Officials

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

Auditor of Daviess County

Patty Ball

Daviess County Courthouse

200 East Walnut - Washington, IN 47501

Office (812) 254-8662 Fax (812) 254-8697 E-Mail auditor@daviess.org

CORRECTIVE ACTION PLAN

FINDING 2014-001 PERPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Patricia K. Ball


Contact Phone Number: 812.254.8662

Views of Responsible Official:


Description of Corrective Action Plan:

Controls are to be reviewed, additional communication with the departments receiving funds to develop a better awareness specifically in the reporting process, along with some procedural changes in receiving and posting the EFT's where grants are concerned. Additional education on how to get the proper information when federal monies are received to help identify them properly for reporting purposes.

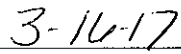
Anticipated Completion Date: Continual effort will be made to increase our accuracy in reporting the changing Grant responsibilities. We anticipate these measures to be complete by 2/28/2018.



(Signature)



(Title)



(Date)

BOARD OF DAVISS COUNTY COMMISSIONERS

200 E. WALNUT STREET
WASHINGTON, IN 47501
PHONE: 812-254-8662 FAX: 812-254-8697

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Nathan Gabhart, President Daviess County BOC

Contact Phone Number: 812-259-1703

Views of Responsible Official: As a new commissioner in January 2015, I have voiced similar concerns with how these contracts have been administered and have voted against or abstained from approving the claims. The lack of documentation of services being rendered, the number of hours involved and the duplicity of the two contracts have been concerns of mine from my first awareness of the contracts existence.

Description of Corrective Action Plan: I have asked the DCEDC/F a number of times, and have shown them examples of other Counties, to present more documentation to the Commissioners in order to ensure the Scopes of Services are being rendered and more importantly the return on investment from those services. Unfortunately, this has yet to be done. Going forward, the corrective action needs to entail:

1. Proper chain of Command
 - DCEDC/F must present the proper documentation to the Commissioners in a public meeting for claim approval.
 - DCEDC/F should not seek approval from the Council for contracts with the County, since this is a Commissioner responsibility. The funds have already been appropriated by the Council therefore the commissioners should be the final authority.
2. Documentation provided to the commissioners, at a minimum should be the final authority.
 - Detailed list of activities and hourly rates (similar to an attorney bill)
3. Current duplicate contracts with the DCEDC/F have been terminated.

Anticipated Completion Date: January 2018

Nathan Salant
(Signature)

President, Commission
(Title)

9-19-17
(Date)

Auditor of Daviess County

Patty Ball

Daviess County Courthouse

200 East Walnut - Washington, IN 47501

Office (812) 254-8662 Fax (812) 254-8697 E-Mail auditor@daviess.org

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Patricia K Ball, Auditor

Contact Phone Number: 812-254-8662

Views of Responsible Official:

The Auditor's office paid these claims under the direction from the Daviess County Board of Commissioners. The claim/claims were reviewed and signed by the President of the Board of Commissioners at the time the claims were submitted. The process of claims was followed by the Auditor's office with the claim docket presentation for review by the Daviess County Board of Commissioners.

Description of Corrective Action Plan:

The claims process will be reviewed with the Commissioners. The Auditor's office will review contract language more closely when reviewing the submission of claims but ultimately as we do not have the authority to deny or pay said claims, will depend on the review of all claims submitted and the direction from the Commissioners to final authority as to payments made.

Anticipated Completion Date: January 2018

Patricia K. Ball
(Signature)

Auditor
(Title)

9-19-2017
(Date)

COUNTY AUDITOR
DAVISS COUNTY
AUDIT RESULT AND COMMENT

ERRORS ON CLAIMS

Of the claims tested, 15 percent did not have Board approval. This error resulted in \$17,701 of expenditures which did not have proper Board approval.

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

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

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

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

COUNTY AUDITOR
DAVISS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2017, with Patricia K. Ball, County Auditor; Janice M. Williams, Clerk of the Circuit Court; Nathan Gabhart, President of the Board of County Commissioners; Mike Sprinkle, President of the County Council; Pat Dant, County Council member; Mike Myers, County Council member; Kent J. Norris, County Council member; Tom McCracken, Commissioner; Jacqueline Graber, County Council member; and C. Michael Taylor, Commissioner.

The changes to Finding 2014-003 were discussed on September 19, 2017, with Patricia K. Ball, County Auditor, and Nathan Gabhart, President of the Board of County Commissioners.

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CLERK OF THE CIRCUIT COURT
DAVISS COUNTY

CLERK OF THE CIRCUIT COURT
DAVIESS COUNTY
FEDERAL FINDING

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There was a lack of segregation of duties within the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting. The Clerk had not separated incompatible activities related to cash and investments or disbursements.

Cash and Investments - Individuals with responsibilities for receipting and disbursing funds also performed the monthly bank reconciliations. There was no indication of a review, oversight, or approval process.

Disbursements - Individuals with responsibility for disbursing funds had complete control over the disbursements function. The same individuals who were responsible for preparation of checks also used the Clerk's signature stamp to sign those checks authorizing payment. There was no indication of a review, oversight, or approval process.

Criteria

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:

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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. . . ."

Cause

Management of the County had not established a proper system of internal control over the Clerk's cash and investments or disbursements.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

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

49th Judicial Circuit



Janice M. Williams

Courthouse – 200 E. Walnut Street
P.O. Box 739
Washington, IN 47501

CORRECTIVE ACTION PLAN

FINDING 2014-002 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS REPORTING

Contact Person Responsible for Corrective Action: Janice M. Williams
Contact Phone Number: 812-254-8690

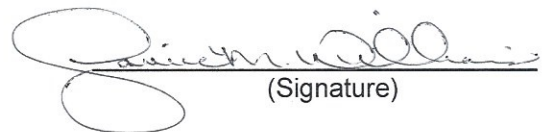
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: In regard to the Internal Controls Over Financial Transactions, I immediately took steps to implement more effective internal controls within our office. I have a Superior Court deputy clerk check out and balance the drawer of the Circuit Court side of the office each day and a Circuit Court deputy clerk checks out and balances the drawer of the Superior Court side each day. I have a deputy clerk who has not receipted in the ISETS system check out and balance that drawer each day and one of the deputy clerks puts the bank deposit together. I hand carry the bank deposit to the bank each day or one of the deputy clerks who has not been involved in any part of the checking out process for the day will take the deposit to the bank. We are also documenting on the deposit ticket when it comes back from the bank who took the deposit on that day.

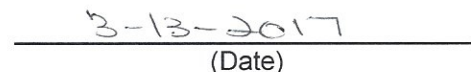
Each day that checks are printed in the office, either myself or one of the deputy clerks will check the report against the checks to make sure it is correct before the checks are issued. We date and initial the report showing that it has been reviewed and is in agreement.

In balancing for each month on our trust and ISETS system, I am reviewing the statements and documenting in red the date and my initials showing that I am in agreement with the balancing for that month. I review and sign the report that is prepared for the Auditor each month and I also review and sign the report that is prepared for the State Auditor every six months. I also authorize the check being issued to the State Auditor as it is now done through an electronic funds transfer.

Anticipated Completion Date: All of the above has been implemented as of February 10, 2017.


(Signature)


(Title)


(Date)

Child Support / Traffic
812-254-8664

Criminal / Small Claims
812-254-8669

Fax
812-254-8698

Voter Registration
812-254-8679

CLERK OF THE CIRCUIT COURT
DAVISS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2017, with Patricia K. Ball, County Auditor; Janice M. Williams, Clerk of the Circuit Court; Nathan Gabhart, President of the Board of County Commissioners; Mike Sprinkle, President of the County Council; Mike Myers, County Council member; Kent J. Norris, County Council member; Tom McCracken, Commissioner; Jacqueline Graber, County Council member; C. Michael Taylor, Commissioner; and Grant Swartzentruber, County Attorney.

BOARD OF COUNTY COMMISSIONERS
DAVISS COUNTY

BOARD OF COUNTY COMMISSIONERS
DAVIESS COUNTY
FEDERAL FINDING

FINDING 2014-003 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were deficiencies in the internal control system of the County Auditor and the Board of County Commissioners related to financial transactions and reporting regarding economic development activities. Adequate controls were not in place to ensure that contracts and agreements entered into by the County were adhered to and that disbursements for economic development activities had adequate documentation to ensure the funding was used for their intended purposes.

Loan Agreement

The County entered into a loan agreement with Daviess County Economic Development Foundation, Inc (Foundation), a not-for-profit entity, on June 1, 2006, to lend the \$5,125,000 proceeds of the Taxable Economic Development Income Tax Revenue Bonds of 2006, Series A and B to the Foundation. The loan agreement states: "The Series 2006 Bonds issued under the Indenture will be payable solely out of: (i) the payments to be made by the Borrower on the Series 2006 Notes and any other notes issued hereunder; (ii) the City Annual Appropriation, the County EDIT Pledge, junior and subordinate to the 2005 Bonds, and County Revenues . . . ; and (iii) Bond proceeds and proceeds of condemnation and insurance." The Bond Purchase Agreement dated June 22, 2006, also indicates in subsection (1)(c)(5): ". . . the Bonds are payable from loan repayments from the Borrower under the Loan Agreement, offset by available County EDIT Pledge, County Revenues and City Annual Appropriation, to the extent available."

There was no evidence that the Foundation made any loan payments to the County throughout the duration of the agreement in accordance with the Loan Agreement referred to above. The County paid off the 2006 Series A and B Bonds early on March 30, 2017, using County General funds in the amount of \$2,196,073.

Disbursement Documentation

The Board of County Commissioners and the County Auditor approved and processed disbursements to several not-for-profit entities for economic development activities without adequate documentation to ensure the funds were spent for their intended uses. Disbursements were made in 2014 to the following entities without proper documentation:

BOARD OF COUNTY COMMISSIONERS
DAVISS COUNTY
FEDERAL FINDING
(Continued)

Daviess County Economic Development Corporation (Corporation)	\$ 99,640
Daviess County Economic Development Foundation (Foundation)	182,500
Daviess County Revolving Loan Corporation	225,000
Daviess County Economic Development Commission (Commission)	<u>45,000</u>
 Total Disbursed without Adequate Supporting Documentation	 <u>\$ 552,140</u>

All the entities noted above maintained the same mailing and business address so all payments went to the same business location. There were no contracts, invoices, or other documentation to indicate what the payments to the Revolving Loan Corporation and the Commission were for. Additionally, the check issued to the Commission was cashed by the Corporation.

The County provided a contract with the Corporation and Foundation. However, both contracts provided were exactly the same, including the services to be provided, date signed, and signatures of officers. The claims for payment submitted to the County Auditor and approved by the Board of County Commissioners included invoices from the Corporation and the Foundation, but the invoices were not itemized and only included a time period for the invoice and a total amount due. The contract (as noted below) stated that the invoice shall itemize hours expended by each category of employee.

Criteria

Each contract had specific wording for submitting invoices for payment as follows:

"The Foundation (or Corporation) shall submit invoices to Daviess County for the services performed on a periodic basis, not more often than monthly, utilizing claim forms acceptable to the Indiana State Board of Accounts and Daviess County Auditor, itemizing the number of hours expended by each category of employees set forth in Exhibit A."

"The Corporation shall submit invoices to Daviess County for the services performed on a periodic basis, not more often than monthly, utilizing claim forms acceptable to the Indiana State Board of Accounts and Daviess County Auditor, itemizing the number of hours expended by each category of employees set forth in Exhibit A."

Exhibit A in both contracts specified the positions and hourly rates of employees as Executive Director, \$95 per hour; Engineer, \$75 per hour; and Administrative Assistant, \$24.50 per hour.

BOARD OF DAVISS COUNTY COMMISSIONERS

200 E. WALNUT STREET
WASHINGTON, IN 47501
PHONE: 812-254-8662 FAX: 812-254-8697

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Nathan Gabhart, President Daviess County BOC

Contact Phone Number: 812-259-1703

Views of Responsible Official: As a new commissioner in January 2015, I have voiced similar concerns with how these contracts have been administered and have voted against or abstained from approving the claims. The lack of documentation of services being rendered, the number of hours involved and the duplicity of the two contracts have been concerns of mine from my first awareness of the contracts existence.

Description of Corrective Action Plan: I have asked the DCEDC/F a number of times, and have shown them examples of other Counties, to present more documentation to the Commissioners in order to ensure the Scopes of Services are being rendered and more importantly the return on investment from those services. Unfortunately, this has yet to be done. Going forward, the corrective action needs to entail:

1. Proper chain of Command
 - DCEDC/F must present the proper documentation to the Commissioners in a public meeting for claim approval.
 - DCEDC/F should not seek approval from the Council for contracts with the County, since this is a Commissioner responsibility. The funds have already been appropriated by the Council therefore the commissioners should be the final authority.
2. Documentation provided to the commissioners, at a minimum should be the final authority.
 - Detailed list of activities and hourly rates (similar to an attorney bill)
3. Current duplicate contracts with the DCEDC/F have been terminated.

Anticipated Completion Date: January 2018

Nathan Salant
(Signature)

President, Commission
(Title)

9-19-17
(Date)

Auditor of Daviess County

Patty Ball

Daviess County Courthouse

200 East Walnut - Washington, IN 47501

Office (812) 254-8662 Fax (812) 254-8697 E-Mail auditor@daviess.org

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Patricia K Ball, Auditor

Contact Phone Number: 812-254-8662

Views of Responsible Official:

The Auditor's office paid these claims under the direction from the Daviess County Board of Commissioners. The claim/claims were reviewed and signed by the President of the Board of Commissioners at the time the claims were submitted. The process of claims was followed by the Auditor's office with the claim docket presentation for review by the Daviess County Board of Commissioners.

Description of Corrective Action Plan:

The claims process will be reviewed with the Commissioners. The Auditor's office will review contract language more closely when reviewing the submission of claims but ultimately as we do not have the authority to deny or pay said claims, will depend on the review of all claims submitted and the direction from the Commissioners to final authority as to payments made.

Anticipated Completion Date: January 2018

Patricia K. Ball
(Signature)

Auditor
(Title)

9-19-2017
(Date)

BOARD OF COUNTY COMMISSIONERS
DAVIESS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2017, with Patricia K. Ball, County Auditor; Janice M. Williams, Clerk of the Circuit Court; Nathan Gabhart, President of the Board of County Commissioners; Mike Sprinkle, President of the County Council; Pat Dant, County Council member; Mike Myers, County Council member; Kent J. Norris, County Council member; Tom McCracken, Commissioner; Jacqueline Graber, County Council member; and C. Michael Taylor, Commissioner.

The changes to Finding 2014-003 were discussed on September 19, 2017, with Patricia K. Ball, County Auditor, and Nathan Gabhart, President of the Board of County Commissioners.