

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

SPECIAL INVESTIGATION REPORT

OF

COUNTY HEALTH DEPARTMENT

GIBSON COUNTY, INDIANA

April 1, 2015 to April 17, 2017



FILED
06/21/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GIBSON COUNTY, INDIANA

This is a special investigation report for Gibson County (County), for the period April 1, 2015 to April 17, 2017, and is in addition to any other report for the County as required under Indiana Code 5-11-1. All reports pertaining to the County may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with the Gibson County Health Department (County Health Department). The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

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

May 7, 2018

COUNTY HEALTH DEPARTMENT
GIBSON COUNTY
RESULTS AND COMMENTS

FAILURE TO COMPLETE CERTIFICATION

The October 17, 2016 Gibson County Board of Health executive session board meeting minutes stated that the County Board of Health voted to approve Kelly Kelley (Kelley), former County Health Department Administrator, to submit an application for the 2017 Connect with Indiana Leadership Class. The County Board of Health voted to pay \$500, which was half the cost of the class. On January 4, 2017, the County issued a check for \$500 to the class organizers.

The classes ran from January 13, 2017 through May 5, 2017. Requirements for this class included a year's residence in Dubois, Gibson, Knox, Perry, Pike, Posey, Spencer, Vanderburgh, or Warrick counties and attendance at all ten sessions. At the time of registration, Kelley was living out of state and used a co-worker's Indiana address on the application. The class organizers and presenter indicated Kelley only attended the first three classes held on January 13, 2017, January 27, 2017, and February 10, 2017. As of April 17, 2017, Kelley was no longer employed by the County Health Department.

The County Health Department did not have a policy in place regarding reimbursements of amounts advanced for training, credentials, and professional development.

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

MALFEASANCE, MISFEASANCE, OR NONFEASANCE

In 2016, the County Health Department had a budget of \$2,800 for contractual services for a prenatal education program. On February 8, 2016, Kelley submitted a claim for payment and on March 2, 2016, the County issued a check in the amount of \$2,800 to a contractor. The endorsement side of the check included the contractor's and Kelley's name. On March 9, 2017, the contractor called the County Auditor's office and stated he received a 1099 from the County, but that he had not drawn any income from them in 2016. According to the County Sheriff's Department, \$2,800 in cash was recovered from the County Health Department in an envelope marked "Angel store funds."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OVERPAYMENT OF MILEAGE

Kelley was reimbursed for more miles than were actually traveled, resulting in an overpayment in the amount of \$126.20.

Indiana Code 36-2-7-3 states: "County officers . . . are entitled to a sum for mileage in the performance of their official duties in an amount determined by the county fiscal body."

COUNTY HEALTH DEPARTMENT
GIBSON COUNTY
RESULTS AND COMMENTS
(Continued)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

We requested that Kelley reimburse the County for the overpayment of mileage in the amount of \$126.20. (See Summary of Charges, page 6)

Kelley reimbursed the County \$126.20 on May 25, 2018. (See Summary of Charges, page 6)

INTERNAL CONTROLS

Internal controls over disbursements in the County Health Department were insufficient and did not prevent or detect expenses paid in advance of services or resulting in the payment of personal expenses and in overpayments.

The 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. . . ."

OFFICIAL BOND

The following is information regarding official bonds obtained by the County:

Period	Total
01-01-15 to 12-31-15	\$ 15,000
01-01-16 to 12-31-16	15,000
01-01-17 to 12-31-17	15,000

COUNTY HEALTH DEPARTMENT
GIBSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2018, with Alan Douglas, President of the Board of County Commissioners; Sherri Smith, County Auditor; Diane Hornby, County Health Administrator; and Dr. Bruce Brink, Health Officer.

COUNTY HEALTH DEPARTMENT
 GIBSON COUNTY
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Kelly Kelley, former County Health Department Administrator:			
Overpayment of Mileage, pages 3 and 4	\$ 126.20	\$ -	\$ -
Paid by personal check and deposited to the County account on May 29, 2018	<hr/>	126.20	<hr/>
Totals	<u>\$ 126.20</u>	<u>\$ 126.20</u>	<u>\$ -</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.