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April 9, 2019

Convention and Visitor Bureau Members  
Clark-Floyd Counties Convention and Tourism Bureau  
P.O. Box 608  
Jeffersonville, IN 47131

This report is supplemental to the audit report of the Clark-Floyd Counties Convention and Tourism Bureau (District), for the period from January 1, 2011 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the District. It should be read in conjunction with the financial statement audit report of the District, which provides an opinion on the District's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the District and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Clark-Floyd Counties Convention and Tourism Bureau prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2011 to December 31, 2017. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 through 5 contain seven Examination Findings and Results. Management's response may be found on pages 7 through 9.

The report is filed with this letter in our office as a matter of public record.

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

**COMPLIANCE EXAMINATION OF  
CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU**

Clark County, Indiana  
January 1, 2011 to December 31, 2017

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU

Clark County, Indiana  
January 1, 2011 to December 31, 2017

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CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
SCHEDULE OF OFFICIALS  
January 1, 2011 to December 31, 2017

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	James Keith	01-01-11 to 12-31-13
	James L. Epperson	01-01-14 to 12-31-17
President of the Board	Janet Huff	01-01-11 to 12-31-11
	James H. Becker	01-01-12 to 12-31-12
	Bill Keeney	01-01-13 to 12-31-14
	Charles Edward Haire	01-01-15 to 12-31-15
	Cindy Knopp	01-01-16 to 12-31-16
	Tony Singleton	01-01-17 to 12-31-17

## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of Clark-Floyd Counties Convention and Tourism Bureau

We have examined Management of Clark-Floyd Counties Convention and Tourism Bureau's ("Unit") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Special Districts* during the period January 1, 2011, to December 31, 2017. Management of the Unit is responsible for the Unit's compliance with the specified requirements. Our responsibility is to express an opinion on the Unit's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Unit complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Unit complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Our examination does not provide a legal determination on the Unit's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Special Districts* applicable to the Unit during the period January 1, 2011 to December 31, 2017, as described in items 2018-001- 2018-007 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Unit complied, in all material respects, with the aforementioned requirements during the period January 1, 2011 to December 31, 2017.

The Unit's responses to the findings identified in our examination are described in the accompanying Schedule of Examination Findings and Results. The Unit's responses were not subjected to the procedures applied in the examination of compliance and, accordingly, we express no opinion on them.

  
Crowe LLP

Indianapolis, Indiana  
March 8, 2019

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2011 to December 31, 2017

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**FINDING 2018-001: MISSTATEMENTS OF ANNUAL FINANCIAL REPORT**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, "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."

**Condition:** During testing, we noted several instances in which the Annual Financial Report was misstated during 2011 and 2012. A summary of the misstatements has been provided below.

- We noted that the Payroll Fund had been excluded from the 2011 and 2012 Annual Financial Report. This was corrected on the opening balance of the 2013 Annual Financial Report. Entries were posted in 2011 and 2012 to record receipts, disbursements and cash balances in the Payroll Fund.
- We noted that the Payroll Fund receipts and disbursements were understated in 2013, 2014 and 2015 by the amounts noted below. Entries were posted to adjust this.

	<u>Receipts</u>	<u>Disbursements</u>
2013	\$ 371,831	\$ 374,073
2014	438,070	438,069
2015	400,422	400,422

- We noted that the 2011 opening balance of the Capital Development 1% Fund was overstated by \$308,417. We noted that receipts had been understated by the same amount as the maturity and transfer of the YcB Fund CD had not been reported. Entries were posted to correct this error.
- We noted that 2012 transfers out from the 3% Tax Fund were incorrectly reported in the YcB CD fund. This caused ending cash and disbursements of the 3% Tax Fund to be understated by 225,832. Additionally, total disbursements from the YCB CD fund were overstated by \$308,417. Entries were posted to correct these errors.

**FINDING 2018-002: BANK ACCOUNT RECONCILIATIONS**

**Criteria:** 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."

**Condition:** During testing, we noted that the Unit prepares bank account reconciliations on a monthly basis. However, we noted there is no formal documented review of these reconciliations. Additionally, the Unit was unable to locate the bank reconciliations from 2011 to 2013.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2011 to December 31, 2017

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**FINDING 2018-003: SUPPORTING DOCUMENTATION**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, “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.”

**Condition:** During testing, we noted management did not have detail of capital outlays from 2011.

**FINDING 2018-004: TRANSFER ACTIVITY**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, “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.”

**Condition:** During testing of transfers, we noted a transfer in of \$34,691 without a corresponding transfer out in 2013. Management was unable to provide supporting detail for 2013 and 2014 transfers in and out. 2013 transfers in totaled \$34,691; the Unit did not record a corresponding transfer out in this year. 2014 transfers in and out totaled \$275,020.

Additionally, we noted that there is no formal approval process for the initiation of transfers.

**FINDING 2018-005: DISBURSEMENT DETAIL**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, “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.”

**Condition:** During testing, we noted that the check register exceeded 3% Tax Fund disbursements per the Annual Financial Report, excluding transfers, by the following amounts for the years listed below.

- 2012: \$30,314
- 2015: \$18,005
- 2016: \$6,951
- 2017: \$6,668

Additionally, we noted that the 3% Tax Fund disbursements per the Annual Financial Report, excluding transfers, exceeded the check register by \$149,590 in 2014.

As we were able to confirm beginning cash, ending cash, and the majority of disbursements in each of the years above, we will pass on posting any adjusting entries.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2011 to December 31, 2017

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**FINDING 2018-006: MINIMUM LEVEL OF INTERNAL CONTROLS**

**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. . . ."

**Condition:** During testing, we noted that the Unit did not meet the minimum standards of internal control. Specifically, the Unit has no formal documentation of the implementation of a minimum level of internal controls standards.

**FINDING 2018-007: MATERIALITY THRESHOLD**

**Criteria:** SBOA State Examiner Directive 2015-6 requires political subdivisions to develop a materiality threshold policy approved through ordinance or resolution and policies and procedures to administer and report.

**Condition:** During testing, we noted that the Unit had not adopted a materiality threshold for the period under audit.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU  
EXIT CONFERENCE  
January 1, 2011 to December 31, 2017

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The contents of this report were discussed on March 8, 2019, with James Epperson, Executive Director, Shirley Bell, Accounts Payable and Payroll Clerk, Nicole Kraemer, Operations Manager, and Carlene Bottorff, Treasurer. The officials acknowledged the findings. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.



March 15, 2019

Katherine Rushing, CPA  
Crowe, LLP  
Via Email

Dear Katherine,

Before I get to our response, I want to thank you and your team for all your help and diligence as we worked to find documents you needed and as your team performed the audit. A seven-year audit was surely an overwhelming task and we appreciate the work it took to get it complete. We look forward to future, easier and smoother audits knowing we have our processes in place to provide what auditors need.

We have reviewed the Compliance Report with our budget committee who has advised me on our response. The final documents will be provided to the full Board at the April or May meeting as time allows.

Below please find our response or action plan regarding the findings in the Compliance Report of your audit of our records for the period 2011 – 2017.

**Finding 2018-001**

- Payroll fund exclusion from 2011 and 2012 AFR – none of the staff currently employed were with the organization at that time. We have no records specific to how the AFR filing was prepared and cannot provide comment nor correction.
- Payroll Fund receipts and disbursements understated – while current staff was present during these years at filing time, we have no records regarding how the filing was prepared and cannot provide comment nor correction.
- YCB Fund CD - none of the staff currently employed were with the organization at that time. We have no records specific to how the AFR filing was prepared and cannot provide comment nor correction.
- 3% Tax Fund transfers out and disbursements - none of the staff currently employed were with the organization at that time. We have no records specific to how the AFR filing was prepared and cannot provide comment nor correction.

**Finding 2018-002 – Bank Account Reconciliations:** For 2011-2013, none of the employees from that time are currently employed. We have no information as to how reconciliations were performed nor could we find consistent reconciliation reports. In 2015, Rodefer Moss & Co., PLLC, performed an Agreed Upon Procedures review for us to analyze our internal controls. Providing bank reconciliation reports to the board was among their

recommendations. Staff failed to follow through on that recommendation. Starting in 2019, the board is receiving reconciliation reports in their board packet.

**Finding 2018-004 – Transfer Activity**

- 2013 - We are unable to locate records to substantiate the reported transfer in and therefore are unable to locate where the transfer out occurred.
- 2014 – We believe the \$275,020 transfers were not recorded because of the way the accounts were reported by the bank. The CDs that matured were originally reported as part of the checking account statement. While the funds should have been reported as separate, we believe this reporting mechanism led to staff interpreting the CDs as part of the checking account.

**Finding 2018-005 – Disbursement Detail**

- We believe that discrepancies between the check register and AFR-reported disbursements in these years may have been due to attempts to categorize expenditures, transferring information from our chart of accounts to AFR-required categories. Despite the occasional square-peg/round hole problem of such categorization compared to how we do business, we acknowledge that those preparing the AFR should seek to balance the report and the check register.

**Finding 2018-006 – Internal Controls**

- Thanks to a 2015 Agreed Upon Procedures review of our internal controls by Rodefer Moss & Co., PLLC, we believe our internal controls do meet or exceed minimum standards. We acknowledge that we have not adequately documented how our controls specifically align with those standards. We will prepare a document for future audits that shows such alignment.

**Finding 2018-007 – Materiality Threshold**

- Our attorney had prepared a draft of a resolution for the board to adopt a Materiality Threshold policy in 2018. That draft was reviewed by the board's budget committee and sent back to counsel for revisions. During that time, counsel underwent surgery and was out of the office for an extended period of time. Upon his return, we all failed to move this item back to the agenda for board action. The board is scheduled to adopt Resolution 2019-3 to set a materiality threshold at its meeting on March 20, 2019.

Thank you again for your professionalism, assistance and advice.

Sincerely,



Jim Epperson  
Executive Director