



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B54391

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

January 30, 2020

Convention and Visitor Bureau Members
Clark-Floyd Counties Convention and Tourism Bureau
315 Southern Indiana Ave
Jeffersonville, IN 47130

This report is supplemental to the audit report of the Clark-Floyd Counties Convention and Tourism Bureau (District), for the period from January 1, 2018 to December 31, 2018. 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/.

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, 2018 to December 31, 2018. 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 4 contain four Examination Findings and Results. Management's response may be found on pages 6 through 7.

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, 2018 to December 31, 2018

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU

Clark County, Indiana
January 1, 2018 to December 31, 2018

CONTENTS

SCHEDULE OF OFFICIALS	1
INDEPENDENT ACCOUNTANT'S REPORT	2
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS:	
2018-001: BANK ACCOUNT RECONCILIATIONS	3
2018-002: MINIMUM LEVEL OF INTERNAL CONTROLS	3
2018-003: MATERIALITY THRESHOLD	3
2018-004: COMPENSATION AND BENEFITS	4
EXIT CONFERENCE	5

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
SCHEDULE OF OFFICIALS
January 1, 2018 to December 31, 2018

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	James L. Epperson	01-01-18 to 12-31-18
President of the Board	Rick Lovan	01-01-18 to 12-31-18

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined 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, 2018, to December 31, 2018. 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, 2018 to December 31, 2018, as described in items 2018-001 through 2018-004 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, 2018 to December 31, 2018.

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
December 18, 2019

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2018 to December 31, 2018

FINDING 2018-001: 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. We noted that this is a recurring finding as reported in report B52542. The Unit adopted a policy of formally reviewing the reconciliations in March 2019.

FINDING 2018-002: 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. We noted that this is a recurring finding as reported in report B52542. The Unit formally implemented a minimum level of internal controls standards policy in 2019.

FINDING 2018-003: 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. We noted that this is a recurring finding as reported in report B52542. The Unit adopted a materiality threshold on January 29, 2019.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2018 to December 31, 2018

FINDING 2018-004: COMPENSATION AND BENEFITS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual states in part, *“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 paid in a manner that will facilitate compliance with state and federal reporting requirements.”*

Condition: During testing of payroll expenditures, we noted one instance, in a sample of ten, the expenditure was not supported by a written contract. The employee has been employed since 2013 without a pay raise and the Unit was unable to provide a contract for the employee’s salary.

During testing of payroll expenditures, we also noted one instance, in a sample of ten, the expenditure amount did not agree to the amount in the written contract. The expenditure was for a higher amount that included a second raise on top of the written contract amount for which the Unit could not provide support for.

CLARK-FLOYD COUNTIES CONVENTION AND TOURISM BUREAU
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
January 1, 2018 to December 31, 2018

The contents of this report were discussed on December 18, 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.



December 18, 2019

Crowe, LLP
3815 River Crossing Pkwy Ste 300
Indianapolis IN 46240

RE: Correction Action Plan in response to Findings in the Compliance Examination

We offer the following corrective actions that have already taken place or that will take place by board action in 2020. (Given the late date in the year, board action will not be possible until January at the earliest and, therefore, we anticipate receiving one repeat finding in a future audit of 2019).

Finding 2018-001: Bank Account Reconciliations

When this deficiency was brought to our attention at the end of the audit process for 2011 – 2017, we were already into 2019. We immediately took steps to add bank reconciliation reports to the board packet and retroactively included both January and February, 2019, reports in the March 2019 board packet. Subsequently, for each month of 2019, bank reconciliation reports were included in each board packet and action was taken and recorded. It remains a standard item in our board packet.

Finding 2018-002: Minimum Level of Internal Controls

When this deficiency was brought to our attention at the end of the audit process for 2011-2017, we were already into 2019. We immediately took steps to document our compliance with internal control standards.

Finding 2018-003: Materiality Threshold

When this deficiency was brought to our attention at the end of the audit process for 2011-2017, we were already into 2019. We immediately took steps to present a draft materiality threshold policy to the board which adopted such policy on January 29, 2019.

Finding 2018-004: Compensation and Benefits

In the case of the sample of the employee that had no documentation regarding rate of pay, staff will present documentation to the personnel committee in early 2020 to ratify the individual's rate of pay which has remained unchanged since she came on board in 2013.

In the case of the sample of the employee whose actual 2018 raise was greater than the documentation showed, this was simply failure to update the documentation with subsequent action which increased his pay rate to match other employees. His rate of pay has been more properly documented since that incident and no further action should be required.

Sincerely,



James L. Epperson
Executive Director