

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HUNTINGTON COUNTY, INDIANA

January 1, 2018 to December 31, 2018



FILED

01/05/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Cindy Yeiter Jill Landrum	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	Paula K. Farley	01-01-17 to 12-31-20
Clerk of the Circuit Court	Kittie Keiffer Shelley Septer	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Sheriff	Terry Stoffel Christian E. Newton	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Recorder	Cheryl A. Schenkel Vicki G. Pearson	01-01-15 to 12-31-18 01-01-19 to 12-31-22
President of the Board of County Commissioners	Larry Buzzard	01-01-18 to 12-31-19
President of the County Council	Kendall Mickley	01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF HUNTINGTON COUNTY, INDIANA

This report is supplemental to our audit report of Huntington County (County), 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 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/.

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

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

July 31, 2019

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BOARD OF COUNTY COMMISSIONERS
HUNTINGTON COUNTY

BOARD OF COUNTY COMMISSIONERS
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS

BACKGROUND

Officials of the County became aware of some equipment items purchased by Matt Taylor through the Information Technology and Dispatch Departments using the County issued credit card. The purchases were not authorized or related to County use and were not located at the County. Charges were also applied to the County issued credit card for personal travel expenses of Matt Taylor and his spouse, Melissa Taylor, for dates before or after the conference timeframe. Budget line items were used interchangeably when Matt Taylor would initiate the Accounts Payable Voucher form. Matt Taylor began employment on January 30, 2006, and became the Information Technology Director on September 24, 2012. Matt Taylor served in that capacity until his resignation on April 23, 2019. Melissa Taylor began employment on August 31, 2004, and became the Dispatch Director on June 22, 2013, and served in that capacity until her resignation on April 23, 2019.

The Indiana State Board of Accounts was notified of the aforementioned by the County Auditor in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting for the Information Technology and Dispatch Department credit card purchases. The following describes the noncompliance with the statutes, ordinances, or the *Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana*.

UNAUTHORIZED TRAVEL DISBURSEMENTS

Matt Taylor, Information Technology Director and his spouse, Melissa Taylor, Dispatch Director, attended conferences, for which charges for dates before and/or after the actual conference time frame were made. On one occasion, a higher daily hotel rate was paid than other employees attending the conference. The following trips were not approved in advance by the department supervisor and one of the County Commissioners.

*April 16 - 20, 2018 - National Emergency Number Association (NENA)
Conference - Indianapolis, Indiana*

Matt Taylor traveled with his wife, Melissa Taylor, to Indianapolis, arriving on April 15 and leaving on April 20. Matt Taylor's hotel rate was \$90 more per night for the particular type room used than a fellow employee who also stayed at the same hotel and attended the same conference. This increased rate for five nights totaled \$450.

*June 16 - 21, 2018 - National Emergency Number Association (NENA)
Conference - Nashville, Tennessee*

Matt Taylor traveled with his wife, Melissa Taylor, to Nashville, arriving on June 14, for her to attend the Center Manager Certification Program, one day prior to the regular conference. Matt Taylor did not attend this day's program, but did charge meals during his personal travel time in the amount of \$23.70.

*August 5 - 8, 2018 - Association of Public Safety Communications
Conference (APCO) - Las Vegas, Nevada*

Matt Taylor traveled with his wife, Melissa Taylor, to Las Vegas and booked airfare for departure on August 3 and returning arrival on August 10. This resulted in August 3 and 10 being outside the normal travel dates acceptable for County reimbursement. Hotel room charges in the amount of \$417.24, fast park passes in the amount of \$16, and meals for both employees in the amount of \$125.58, totaling \$558.82, were charged for the two extra days in question.

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

November 11 - 14, 2018 - Motorola Conference - Salt Lake City, Utah

Matt Taylor traveled with his wife, Melissa Taylor, and booked airfare for departure on November 8 and returning arrival on November 15. This resulted in November 8, 9, and 10 being outside the normal travel dates acceptable for County reimbursement. The conference did not begin until late in the day on November 11. Hotel room charges in the amount of \$763.86, hotel parking charges in the amount of \$54, fast park passes in the amount of \$24, and meals for both employees in the amount of \$156, totaling \$997.86, were charged for the three additional days.

Future Conference Reservations

Trips were planned, but not taken, to Orlando, Florida on June 14 - 22, 2019, for a *National Emergency Number Association (NENA) Conference* and to Baltimore, Maryland on August 10-17, 2019, for an *Association of Public Safety Communications Conference (APCO)* for both Matt and Melissa Taylor. Both trips were canceled upon discovering the issues noted in the trips taken above. Airfare and early bird check-ins for both trips had already been charged to the County credit card and did include days outside the conference dates.

Hours documented as worked on payroll time records during these conferences were not always accurate. Hours were occasionally shown as worked for days that were outside the conference dates. These hours that were shown as worked were either paid during that pay period or were added to the Compensatory Time leave balance.

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 Guideline 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 Guideline 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 Guideline Manual for Counties of Indiana, Chapter 1)

We requested that Matt Taylor reimburse the County \$1,027.04 for unauthorized disbursements. We requested that Melissa Taylor reimburse the County \$1,003.34 for unauthorized disbursements. (See Summary of Charges, page 11)

ORDINANCES, RESOLUTIONS, AND POLICIES

Some Information Technology and Dispatch travel and credit card disbursements tested did not comply with ordinances, resolutions, or policies of the County. Trips were not consistently approved in advance of expenses being incurred on the County's credit card.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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

EQUIPMENT PURCHASES

County officials requested Matt Taylor present certain equipment which was purchased with County funds via his department. Two Echo Dots and two Amazon cameras, totaling \$254.67, were not presented upon request. The two Echo Dots were denoted as a speaker and a camera on the Accounts Payable Voucher. The two Amazon cameras purchased were not a brand used by the County Information Technology Department.

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

We requested that Matt Taylor reimburse the County \$254.67 for unauthorized disbursements. (See Summary of Charges, page 11)

INTERNAL CONTROLS

The Accounts Payable Clerk was responsible for processing accounts payable claims. The County Auditor was responsible for reviewing and signing the accounts payable claims. Procedures were in place for the County Commissioners to approve the accounts payable claims as well; however, these controls did not detect any issues in advance of payment or travel extended beyond seminar dates.

Controls in place regarding the County's Travel Policy failed to detect that travel costs were not approved prior to enrollment in the conferences. Airline travel and rental car cost must be approved in advance by the department supervisor and one of the County Commissioners.

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
HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS

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. . . ."

CRIME INSURANCE POLICY

A crime insurance policy was obtained by the County for the period January 3, 2017 through January 3, 2020.

BOARD OF COUNTY COMMISSIONERS
HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2019, with Tom Wall, County Commissioner; Kendall Mickley, President of the County Council; Phil Hibbert, County Council member; Keith Eller, County Council member; Kittie Keiffer, County Council member; and Terry Miller, County Council member.

Matt Taylor, Information Technology Director, and Melissa Taylor, Dispatch Director, were invited to the exit conference, but did not attend.

BOARD OF COUNTY COMMISSIONERS
HUNTINGTON COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Matt Taylor, Information Technology Director:			
Unauthorized Travel Disbursements, pages 6 and 7	\$ 1,027.04	\$ -	\$ 1,027.04
Equipment Purchases, page 8	254.67	-	254.67
Melissa Taylor, Dispatch Director:			
Unauthorized Travel Disbursements, pages 6 and 7	<u>1,003.34</u>	<u>-</u>	<u>1,003.34</u>
Totals	<u>\$ 2,285.05</u>	<u>\$ -</u>	<u>\$ 2,285.05</u>

This report was forwarded to the Office of the Indiana Attorney General.

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AFFIDAVIT

STATE OF INDIANA)

HUNTINGTON COUNTY)SS:

We, Lois A. DeBolt and J. Maureen Sparks, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Board of County Commissioners, Huntington County, Indiana, for the period from January 1, 2018 to December 31, 2018, is true and correct to the best of our knowledge and belief.

Lois A. DeBolt

J. Maureen Sparks
Field Examiners

Subscribed and sworn to before me this 31 day of July, 2019.

Kimberly A. Heaston
(Notary Public)
(Clerk of the Circuit Court)

My Commission Expires: _____ (Use with Notary)

County of Residence: Huntington _____ (Use with Notary)

