

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

COUNTY AUDITOR

LAWRENCE COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED
09/08/2006

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Official Receipts	4
Reconciliation of Subsidiary Ledgers	4
Overdrawn Fund Balances	5
Public Works Contracts in Excess of \$100,000	5-6
Service and Time Records	6
Exit Conference	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Billie J. Tumey	01-01-05 to 12-31-08
President of the County Council	James Edwards Joe Ross	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Janie Craig Chenault	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF LAWRENCE COUNTY

We have audited the records of the County Auditor for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Lawrence County for the year 2005.

STATE BOARD OF ACCOUNTS

July 26, 2006

COUNTY AUDITOR
LAWRENCE COUNTY
AUDIT RESULTS AND COMMENTS

OFFICIAL RECEIPTS

Cash and checks are not properly reported on the receipts used by the County.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

RECONCILIATION OF SUBSIDIARY LEDGERS

Posting errors were not discovered in a timely manner because reconcilements were not made between the subsidiary ledgers and the control accounts. The following errors were noted during the audit:

Reconcilements were not made between the Treasurer's Monthly Financial Statement, Form 61, and the Auditor's Monthly Financial Statement, Form 61. On December 31, 2005, the Treasurer's cash book has a balance of \$1,461.49 more than the Auditor's ledger.

On December 31, 2005, the tax sale surplus and tax sale redemption funds could not be reconciled to the tax sale records.

License Excise Tax and Auto Rental Excise Tax payments were not posted properly to the Treasurer's Daily Balance of Cash and Depositories Ledger and the Treasurer was not balancing with the Auditor's Record of Annual License Excise Tax, Form 24F.

The sum of the payroll withholding subaccount balances do materially agree with the control total as of December 31, 2005, but the individual withholding balances are not able to be reconciled to zero as of December 31, 2005.

Other errors discovered during the audit were:

Four posting errors were made in the posting of funds remitted by the Clerk of the Circuit Court to the County Auditor's accounting records. This caused \$1,971.74 to be posted to the County General Fund that should have been posted to other funds.

The County did not withhold \$16,532.38 of State Welfare Excise Tax Allocation in 2005 and, therefore, distributed excess tax to the local taxing districts. Also, the County had not paid the State \$36,008.06 of State Welfare Excise Tax Allocation collected from 2004.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
LAWRENCE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The following funds were overdrawn in 2005:

<u>Fund</u>	<u>Amount</u>
Supplemental Juvenile Probation	\$ 6,311
Victim Assistance	8,692
Sheriff Drug Fund	214
Criminal Justice	645
Probation Administration Fee	27
Juvenile Alcohol Drug Intervention	5
State Homeland Security Grant #2	202
Non Violence Program Probation	276

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

PUBLIC WORKS CONTRACT IN EXCESS OF \$100,000

In 2003, a public works contract was awarded to McIntyre Brothers, Inc., for remodeling of the Sofaland Building, and in 2004, they were awarded another contract for remodeling the Courthouse Plaza. The total contract for the Sofaland building was \$489,255 and the Courthouse Plaza contract was for \$1,893,973. Both contracts were completed in 2005 and the retainage was paid. After all payments were made, the total payments did not agree with the contract amounts. The Sofaland contract payments were \$3,183 less than the approved contract amount and the Courthouse Plaza payments were \$9,269 more than the approved contract amount.

Indiana Code 36-1-12-12 states in part:

"(b) To receive payment the subcontractor or subcontractors, material suppliers, laborers, or those furnishing services shall file their claims with the board within sixty (60) days after the last labor performed, last material furnished, or last service rendered by them, as provided in section 13 of this chapter.

(c) If there is no dispute between the parties claiming to be entitled to the money withheld, the board shall pay the claim from the money due the contractor and deduct it from the contract price. The board shall take a receipt for payment made on a claim.

(d) If there is a dispute between the parties claiming to be entitled to the money withheld, the board shall retain sufficient money to pay the claims until the dispute is settled and the correct amount is determined. However, the board may make a final and complete settlement with the contractor after thirty (30) days after the date of the completion and acceptance of the public work if the board is furnished with satisfactory evidence indicating the payment in full of all subcontractors, material suppliers, laborers, or those furnishing services.

COUNTY AUDITOR
LAWRENCE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(e) A claim form must be signed by an individual from the political subdivision or agency who is directly responsible for the project and who can verify:

- (1) the quantity of a purchased item; or
- (2) the weight or volume of the material applied, in the case of a road, street, or bridge project."

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

SERVICE AND TIME RECORDS

Employee time, attendance, and service records were not maintained and presented for audit for salaried employees including the jail matron and highway supervisors.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR
LAWRENCE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Billie J. Tumey, Auditor; and Jody Edwards, Bookkeeper.