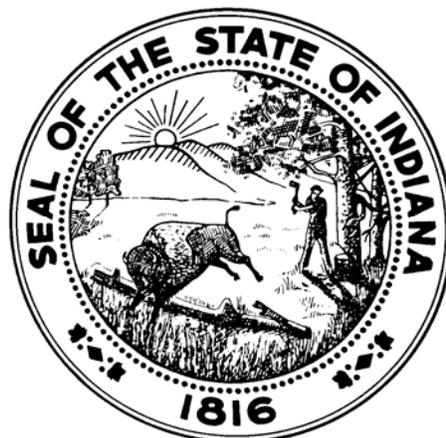


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

EXAMINATION REPORT
OF
COUNTY SHERIFF
CLAY COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
09/14/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Robert Carter	01-01-03 to 03-07-05
	Larry Pierce	03-08-05 to 03-30-05
	Michael W. Heaton	03-31-05 to 12-31-06
President of the County Council	Warren Stevenson	01-01-05 to 12-31-05
	Larry Moss	01-01-06 to 12-31-06
President of the Board of County Commissioners	David Parr	01-01-05 to 12-31-05
	Charles Brown	01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF CLAY COUNTY

We have examined the records of the County Sheriff 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 Clay County for the year 2005.

STATE BOARD OF ACCOUNTS

August 7, 2006

COUNTY SHERIFF
CLAY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Sheriff Trust Fund. The ledgers presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

The Sheriff's office keeps two sets of computerized records for the Sheriff Trust Fund. The ledgers generated by these systems do not agree to each other or balance with the bank. Inaccurate reconciliations and posting errors have resulted in the lack of an accurate fund balance for several years. Receipts, disbursements, and balances as provided by the bank were used for reporting purposes.

At all times, the manual and/or 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 Counties, Chapter 1)

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 Counties, Chapter 1)

INMATE TRUST RECORDS

Individual inmate records are kept as a subsidiary record to the Inmate Trust Fund in the Sheriff's cash book. As stated in prior Audit Report B25597, the subsidiary records do not agree with the control account in the cash book. The cash book and the subsidiary records currently do not reconcile with the bank.

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 Counties of Indiana, Chapter 1)

TRANSACTION RECORDING

As stated in prior Audit Report B25597, some items, such as cash receipts, were not always entered in the Sheriff's cash book.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

COUNTY SHERIFF
CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Michael W. Heaton, Sheriff. The official concurred with our audit findings.