

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

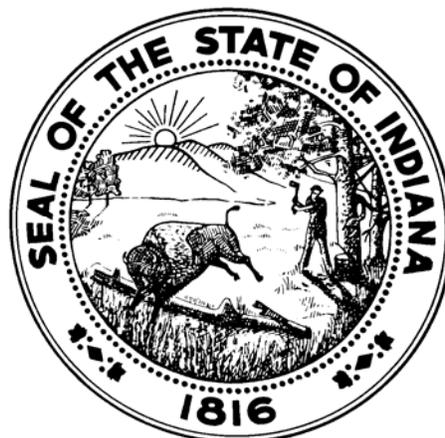
AUDIT REPORT

OF

COUNTY AUDITOR

MONROE COUNTY, INDIANA

January 1, 2005 to December 31, 2005



**FILED**

10/31/2006



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sandra M. Newmann	01-01-05 to 12-31-08
President of the County Council	Mark Stoops Sophia Travis	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Joyce B. Poling	01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONROE 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 Monroe County for the year 2005.

STATE BOARD OF ACCOUNTS

August 2, 2006

COUNTY AUDITOR  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS

SUPPORTING DOCUMENTATION

Payments of payroll withholdings were observed which did not contain adequate supporting documentation. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. Withholdings for individual employees were not posted to individual accounts for upwards of 1½ months late causing the loss of interest on said withholdings.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Guidelines Manual for Auditors, Chapter 16)

DISTRIBUTION OF EXCISE TAX

Receipts received from the Bureau of Motor Vehicles were not reconciled to the management reports sent to the County Auditor. In reconciling the receipts to those management reports an underdistribution of lottery credit excise, county excise, and wheel/surtax tax was found for 2005.

The following step should be taken by the county auditor to record, balance, and distribute excise tax:

Compare reported totals from management reports to deposits in the county treasurer's excise tax account.

For counties without wheel tax/surtax, this will be the county tax column. For counties with wheel tax/surtax, this will be the total of the county tax column, and the surtax column. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 9)

BUDGETED LINE ITEMS

Disbursements for several line items were paid without an appropriation.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Auditor, Chapter 8)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Obligation Bond	2005	\$ 1,076,958
Richland TIF	2005	1,400
Animal Control Fines and Fees	2005	161
Courthouse Rental	2005	131

COUNTY AUDITOR  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) Some claims were not prepared or were not located for all disbursements.
- (2) Some claims were not certified by the fiscal officer.
- (3) Some claims did not have authorization to purchase.
- (4) Mileage claims were not always used for mileage reimbursement.

Indiana Code 5-11-10-1.6(c) states: "The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the governmental entity's fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

CASH OVERDRAFT

At December 31, 2005, the following funds had negative cash balances:

Adult Protection Service	\$ (5,423)
Bio Terrorism Grant	(1,781)
Signature Grant 2005-2006	(3,606)
Youth Shelter Safe Place 2005-2006	(3,627)
Runaway Homeless Youth Grant	(11,352)
CSAP Drug Free Community Support Grant	(2,002)
General Obligation Bond	<u>(201,855)</u>
Total	<u>\$ (229,646)</u>

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

ENCUMBRANCES

Appropriations were encumbered for several funds without a contract or a purchase order.

Appropriations that are encumbered should be supported by a contract or purchase order. (Accounting and Uniform Compliance Guidelines Manual for Auditor, Chapter 8)

COUNTY AUDITOR  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

SERVICE AND TIME RECORDS

Employee time, attendance, and service records were not in agreement as presented for audit for two employees in the Auditor's office.

Documentation for payroll check dated April 29, 2005, for the chief deputy auditor did not agree. The employee's service record reflected 4 days off and the payroll claim, as certified by the Auditor, showed the employee working 10 days. A review of the employee's time sheets also showed compensatory time being accrued which is not in compliance with the County's personnel policy. The chief deputy auditor position is an exempt position per the County's personnel policy. A review of total hours worked within the 52 week period did calculate to an average of over 35 hours per week. At the exit conference the field examiners were given a revised time sheet which agreed with the employee service record.

Documentation for payroll check dated November 10, 2005, for the grants coordinator within the Auditor's office was incorrect based on supplementary information obtained. Per supplementary information the employee had worked as an auxiliary police officer on October 26, 2005. The payroll claim, as certified by the Auditor, showed the employee working in the Auditor's office on October 26, 2005. Per the Sheriff, auxiliary police do not receive any compensation for working. It was determined from further review that the employee inadvertently reported training time to both the County and Auxiliary Police Department because the training would serve the employee in both capacities. The training was related to the employee's duties at the County.

Per the County's personnel policy employees who are considered exempt cannot accrue compensatory time off. They are required to work an average of 35 hours per week in a 52 week period.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Auditors, Chapter 14)

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 Auditors, Chapter 14)

TIMELY PAYMENT OF WITHHOLDINGS

The County did not remit the voluntary contributions to PERF for the fourth quarter of 2005 or the first quarter of 2006 in a timely manner. The contributions were paid May of 2006. The County may be liable for interest loss on the late payment of PERF.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Auditors, Chapter 14)

COUNTY AUDITOR  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2006, with Sophia Travis, President of the County Council. The official concurred with our audit findings.

The contents of this report were discussed on September 13, 2006, with Iris Kiesling, County Commissioner; Sue West, County Council; William Steger, County Attorney; Margie Rice, County Attorney; Sandra M. Newmann, County Auditor; Herb Kilmer, County Commissioner; Jane Maire Lind, Executive Director of the Commissioners, Barbara Clark, County Treasurer; Joyce B. Poling, President of the Board of County Commissioners; and Marty Hawk, County Council.

The official response has been made a part of this report and maybe found on pages 8 and 9.

## COUNTY AUDITOR'S OFFICIAL RESPONSE 2005 MONROE COUNTY AUDIT

In the section ERRORS ON CLAIMS, the audit found that some claims were not prepared or were not located for all disbursements. Addressing this issue, when the auditor's office was presented with the list of requested claims, we did not search for three claims which were not easily located. The reason being at the time it was our understanding that the alternate claims substituted for the missing claims or we would have been happy to search for the claims. At the exit interview, it was stated that this is not the case. In the future, we will know that we must provide all the claims on the original list and that using the alternate claims will produce a deficiency on the audit.

In the section labeled CASH OVERDRAFT, the county auditor finds that all of the negative cash balance grants are actually reimbursable grants and are paid in arrears by the granting agency, including the State of Indiana. These grants are structured to be reimbursable by design. We draw down money from the granting entity once these expenditures are made. If there is another, preferred method to handle reimbursable grants we could appreciate if your organization could instruct us on how to account for these funds.

The expenditures for the General Obligation Bond were not budgeted in calendar year 2004. Purchases using bond monies were made in 2005 and should have been procured in 2004.

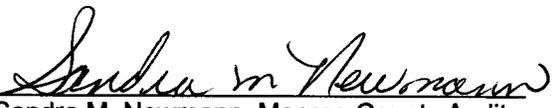
Adult Protection Service	Reimbursable	(5,423)
Bio Terrorism Grant	Reimbursable	(1,781)
Signature Grant 05-06	Reimbursable	(3,606)
Youth Shelter Safe Place 05-06	Reimbursable	(3,627)
Runaway Homeless Youth Grant	Reimbursable	(11,352)
CSAP Drug Free Community Support Grant	Reimbursable	(2,002)
General Obligation Bond	Was not budgeted in 2004 for the year 2005	(201,855)
<b>Total</b>		<b>(262,292)</b>

Under the section SERVICE AND TIME RECORDS, the county auditor originally had provided a folder containing all timesheets for each pay period. This includes the pay period for payroll check dated 4/29/05. The folder contained a revised timesheet of the Chief Deputy Auditor that matches the service record at the time of the audit. The original timesheet was stapled to others in the folder and the revised timesheet was loose in the folder for that pay period. We did not know that the state auditor had missed the loose timesheet until she briefed the county auditor just before the exit interview. The timesheet was presented at the exit interview and the state auditor verified it matched the service record. However, if the state auditor had brought this information to the attention of the county auditor during the investigative part of the audit, the county auditor would have told her there was a revised time card.

Also under the section SERVICE AND TIME RECORDS, the county auditor disputes the finding regarding the documentation for payroll check dated 11/10/05 for the grants coordinator within the Auditor's office. This employee was required to attend a disaster training exercise by the auditor along with many county employees, including the county auditor and four other employees from this office. It is our understanding that this employee included this training time as recorded training for the county's auxiliary police where he serves as volunteer officer. During the training exercise, which is in essence a mock disaster, the employee served to check in and out participants. This mocked his real life services in an actual disaster as he would be checking in and out supplies, purchases, people entering the auditor's secured area and collecting invoices. This disaster role playing was part of our disaster preparedness training for the Monroe County Auditor's Office, and the fact that it serves a dual purpose for the county as far as disaster

preparedness goes, is a positive attribute for the state and it seems ludicrous that this is being viewed negatively and as dual employment. The county auditor feels that it is unreasonable to ask this employee to reimburse the county (\$125.88) for his time. The employee's supervising officer at the volunteer organization has provided a statement affirming this information and this document was presented at the exit interview.

Regarding the section titled TIMELY PAYMENT OF WITHHOLDINGS, the computer report that generates to include all PERF payments, including the voluntary contributions to PERF did not generate a usable report for the voluntary deductions section of payment. At the time, the auditor did not understand that the voluntary deductions had not been reported for the 4th quarter of 2005 or the 1st quarter of 2006 until after the first quarter payment of 2006 was generated. At this time the problem was found, the software failure was identified and procedures were put into place to run this report outside of work hours when the software will make a usable file and report. According to Stephanie Crittenden of PERF, who calculated the change this generated, such as interest, penalties, etc. the amount that was different from what the employees contributed was only \$18.67 and was paid.

  
Sandra M. Newmann, Monroe County Auditor