

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

AUDIT REPORT
OF
COUNTY ADULT PROBATION DEPARTMENT
HOWARD COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
09/19/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Adult Probation Officer	Gary Conwell	01-01-06 to 12-31-07
President of the Board of County Commissioners	Brad Bagwell Paul J. Raver	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Richard H. Miller	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HOWARD COUNTY

We have audited the records of the County Adult Probation Department for the period from January 1, 2006 to December 31, 2006, 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of Howard County for the year 2006.

STATE BOARD OF ACCOUNTS

August 8, 2007

COUNTY ADULT PROBATION DEPARTMENT
HOWARD COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

Controls for receipts generated by the Adult Probation Department are insufficient. At the conclusion of our audit, \$240 in receipts were identified as not being deposited. There is insufficient documentation to determine what happened to these collections.

The Adult Probation department did not establish internal control procedures to ensure all collections are properly deposited. The following internal control deficiencies were noted:

1. For our audit period and to June 2007, Adult Probation fees, drug screen fees, and transfer fees are all collected by the following three individuals in the department: the Assistant Chief Officer, the administrative assistant, and the bookkeeper. At the end of the day, the Assistant Chief Officer and the administrative assistant remit their monies to the bookkeeper. These individuals do not perform their own reconciliation of receipts issued to collections received prior to remitting their collections to the Bookkeeper.

For January to November of 2006, the prior bookkeeper tallied the day's receipts and collections. If there was a discrepancy in the monies, the bookkeeper attempted to determine which receipt the missing collection belonged to. But even if the missing collection's receipt could be identified, the Bookkeeper was unable to determine which individual prepared the receipt and received the money. The Bookkeeper did not retain documentation to support the investigation of these discrepancies. The Bookkeeper then posted all collections to the cash ledger but did not post any receipt which did not have a corresponding collection. For December 2006 to June 2007, the current Bookkeeper posts all receipts to the cash ledger. There is currently no segregation of duties for the Bookkeeper's position. At this time, the position collects fees, posts the receipts, and remits the collections to the County Auditor.

2. Two types of receipts are issued by the Adult Probation department. Computer receipts are issued for probation fees and manual receipts are issued for drug screen tests and transfer fees. For the computer receipts, the daily receipt report was not printed and compared to the cash collected. Therefore, no reconciliation was performed between the computer receipts generated and the related cash collected.
3. There is no control account for individual files to document beginning and ending balances, judgments assessed, and payments made for audit period. Therefore, no comparison can be made between total payments per the individual files and total probation fees received.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY ADULT PROBATION DEPARTMENT
HOWARD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2007, Gary Conwell, Chief Adult Probation Officer. The official concurred with our audit finding.

The contents of this report were discussed on August 9, 2007, with Ann Wells, Auditor; and Richard H. Miller, President of the County Council.