

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

AUDIT REPORT

OF

COUNTY EXPOSITION CENTER

PORTER COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

11/30/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Manager	John Thorstad	01-01-06 to 12-31-07
President of the County Council	Daniel Whitten	01-01-06 to 12-31-07
President of the Board of County Commissioners	Robert Harper	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF PORTER COUNTY

We have audited the records of the County Exposition Center 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Porter County for the year 2006.

STATE BOARD OF ACCOUNTS

September 6, 2007

COUNTY EXPOSITION CENTER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

No documentation exists to support the amount of alcohol served or purchased during an event through inventory control sheets. The amount deposited in the bank for cash bar could not be verified since receipts were not issued nor a cash register used to track sales. In some cases, tickets were issued for beer at an event. However, these tickets were disposed of and not retained for audit.

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)

CONDITION OF RECORDS

- (1) A ledger was not maintained that showed receipts, disbursements, and balances. An excel spreadsheet provided detail only on receipts. The spreadsheet was not a prescribed or an approved form.
- (2) Record balances were not reconciled to depository balances during 2006 for either the grocery or the general account. The grocery account check register balance exceeded the bank balanced by \$54.14 at December 31, 2006. The general account bank balance exceeded the check register balance by \$611.65 at December 31, 2006.
- (3) A check register was maintained, however posting errors were noted. The errors included deposits not receipted, checks and receipts not recorded in the proper amounts, bank fees, and insufficient funds checks incorrectly posted.
- (4) Receipts were deposited on an average of six days after money was received.
- (5) Receipts did not specify cash or check; as a result the composition of deposits could not be verified. In July 2007, a new receipt book was being used that designated whether check or cash was received.
- (6) The deposits exceeded the receipts by \$5,214.66 for 2006.
- (7) Duplicate receipts were not properly maintained. Some duplicate receipts were missing, and others were improperly recorded. All copies of the receipts were not maintained for 40% of the voided receipts.
- (8) Contracts used by the exposition center are not pre-numbered. A blank general contract is saved on their computer where they fill in the necessary information and print out the contracts as needed.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 of Indiana, Chapter 1)

COUNTY EXPOSITION CENTER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 of Indiana, Chapter 1)

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)

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the local boards of finance . . ." "Public funds deposited . . . shall be deposited in the same form in which they were received."

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 Counties of Indiana, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

The County Exposition Center incurred, and the County subsequently paid from the Donations Fund, penalties and interest charges for delinquent payment of sales tax totaling \$105.25.

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 Counties of Indiana, Chapter 1)

DEPOSIT TICKETS (DUPLICATES)

Duplicate deposit tickets had illegible information as well as areas where white out was used. Some of the totals on the duplicate deposit tickets did not match the deposits on the bank statements. As a result, we requested a sample of the original deposit tickets from the bank.

COUNTY EXPOSITION CENTER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

A total of four months' deposit tickets were received from the bank which contained eighteen original deposit ticket copies. Information taken from the duplicate deposit tickets was then compared to bank original deposit ticket copies. Of the eighteen compared, four had different information from what was on the original bank copies. The original bank copies total deposits exceed the duplicate copies totals. The differences were due to the composition of the duplicate copies not matching that of the original bank copies. One duplicate deposit ticket was missing.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY EXPOSITION CENTER
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2007, with John Thorstad, Manager; and Liz Culp, Assistant Manager.