

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

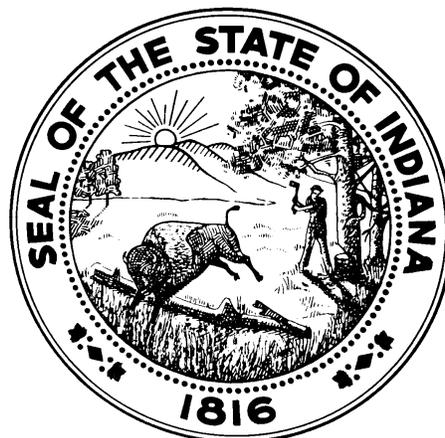
AUDIT REPORT

OF

COUNTY AUDITOR

MONROE COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

04/25/2008

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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	Sophia Travis	01-01-06 to 12-31-06
	Michael Woods	01-01-07 to 12-31-07
	Vic Kelson	01-01-08 to 12-31-08
President of the Board of County Commissioners	Joyce B. Poling	01-01-06 to 12-31-06
	Iris Kiesling	01-01-07 to 12-31-07
	Patrick Stoffers	01-01-08 to 12-31-08



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, 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 Monroe County for the year 2006.

STATE BOARD OF ACCOUNTS

February 28, 2008

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

We noted instances of payments to vendors and the Internal Revenue Service (IRS) that were paid up to two months after the due dates. As a result, the following penalty and interest charges were incurred:

- (1) Penalties and interest totaling \$640.95 were paid to the Internal Revenue Service for 2006.
- (2) Late fees totaling \$1,088.47 were paid to Anthem Insurance, AUL Disability, and PERF for 2006.
- (3) Credit card late fees totaling \$667.41 were paid to Fifth Third Bank for the period of January 1, 2006 to February 22, 2007.

Total penalties, interest, and late fees were \$2,396.83 as shown on the Summary of charges, page 28. Sandra M. Newmann, Auditor, was requested to repay these amounts.

It was observed that similar late payments occurred during 2007 which may result in additional charges in the next audit.

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.

As stated in the prior Report B28582 and Report B27215, which Sandra M. Newmann attended, 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 Auditor's, Chapter 14)

OVERPAYMENT COLLECTIONS

A payment was made to Fifth Third Bank for credit card expenses for the Health Department on October 24, 2006, and again on November 20, 2006, for \$1,559.09. Credit card statements were reviewed for the Health Department and no credit was found. Statements were not presented for audit for the other County departments showing evidence a refund or credit was received. The County no longer uses Fifth Third Bank for their credit card charges.

Any overpayments not collected may be the personal obligation of the responsible official. Governmental units should collect any overpayments made.

(Accounting and Uniform Compliance Guidelines Manual for Auditor's, Chapter 14)

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROL OVER PAYROLL

Controls over the receipting, disbursing, recording, and accounting for the financial activities of payroll were insufficient. We performed an extended payroll review in response to numerous complaints of errors in county payroll. The following exceptions and control weaknesses were noted:

We observed that on December 28, 2006, electronic transfers were made for \$4,346.40 for Social Security and Medicare and \$1,457.79 for federal taxes. However, there was no supporting documentation as to why these transfers were made.

Adjustments had been made to some employee's earnings records that resulted in the record showing the gross pay less the deductions not equaling the net pay. As a result, employee payroll checks did not always agree to the earnings record.

The employee's earnings record is required to be kept by the county auditor for each county officer and employee. Totals shall be entered for each quarter and for the calendar year, and all entries in such record shall agree with the totals of payroll warrants issued. The record is the basis for reporting earnings and payroll deductions of employees and for preparing earnings statements required to be furnished employees, the IRS and the Indiana Department of Revenue at the close of each year. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 6)

Benefit withholdings were traced from the payroll deduction reports to the billings from vendors. We noted many differences in the amounts withheld and the amounts billed for individual employees. Some employees had deductions from their payroll but were not enrolled or included in the billing; other employees were on the billing but had no payroll deductions. One employee had Anthem insurance for two years with no withholdings. No comparison of the payroll deductions to the billings was performed by the County.

The various differences between amounts withheld and amounts billed also contributed to the deficit balances that we noted. During 2006, County General Funds were transferred in the amount of \$379.51 to the AUL Universal Life Fund and \$1,465.97 to the AUL Disability fund to eliminate deficit balances. We also found that during 2006, \$477.36 of County General Funds were transferred to the FICA and Medicare Fund. At December 31, 2006, the following withholding accounts had negative balances: state tax \$51.11; local taxes \$1,062.58; and PERF \$1,787.13.

We also noted exceptions in both compliance with PERF guidelines and payments to PERF. Payments were made to PERF that included longevity paid as covered payroll, contrary to PERF guidelines. As of December 31, 2007, this had not been corrected. Differences in years of covered service were noted between the County and PERF for some employees. As of December 31, 2007, this had not been corrected. One employee was in a covered position but did not have PERF withheld and had not been enrolled.

In a review of W-2's, we noted that for six employees the PERF voluntary contributions were erroneously reported as pre-tax deductions. It was also noted on some W-2's that the pre-tax deductions for insurance did not show up in the summary of other deduction on the W-2's. The insurance deduction was used to reduce Social Security Wages.

The W-3 report filed did not agree to the W-2s. An amended W-3 was not filed when amended W-2s were issued.

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Any inaccurate employee withholdings should be researched and corrected. Any incorrect reporting should be corrected. The IRS should be contacted on the best way to proceed.

Deductions for federal, state and county (local option) taxes should offer no difficulty, since remittances to the Internal Revenue Service and to the State Department of Revenue should be equal to the amounts withheld from employees. The same is true where the entire amount deducted from employees' earnings for any purpose is paid by the employees. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 6)

PAYROLL DEDUCTIONS ELECTION WORKERS

In reviewing the records presented for audit, we noted that some election workers had no Social Security and Medicare withheld from their payroll. Other election workers had Social Security and Medicare taxes withheld from their November pay for both the May and November wages. There was no evidence presented for audit to support that the appropriate withholdings had been made for election workers. We also found that some election workers for the November 2006 election were not paid until 2007 and that some workers never received payment.

Deductions for federal, state and county (local option) taxes should offer no difficulty, since remittances to the Internal Revenue Service and to the State Department of Revenue should be equal to the amounts withheld from employees. The same is true where the entire amount deducted from employees' earnings for any purpose is paid by the employees. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 6)

INSURANCE COVERAGE

Sandra M. Newmann, Monroe County Auditor, was covered by an official bond with Fidelity and Deposit Company for \$50,000 for the period of January 1, 2005 until successor is duly qualified.

PAYROLL CLAIMS

Our testing of the payroll system revealed the following deficiencies:

- (1) Employee Service Records (General Form 99A) were not maintained for all employees tested.
- (2) For those employees who had service records, not all contained the necessary information of sick, vacation, and personnel days earned and used.
- (3) We found two instances of sick leave earned per the employee service records which was not in accordance with the personal policy.
- (4) Payroll time sheets were not always signed by department heads.

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 6)

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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

COUNTY SETTLEMENT

In a review of the settlement many posting errors were found. Some attempts were made to correct errors by different employees, making it very difficult to verify the accuracy of the settlement. Many checks were voided and rewritten. Distribution to the state for the balance of Property Tax Replace Credit was amended several times.

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. (Accounting and Uniform Compliance Guidelines Manual for Auditor's, Chapter 9)

ANNUAL REPORT

An annual report for 2006 was presented for audit but did not agree to the County's financial statements. Investment activity and investment balances at December 31, 2006, were not reported on the County's annual report. The detail of receipts and disbursements did not agree to the revenue and expenditure detail reports.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

ACCOUNTING RECORDS

Several posting errors were made in the County's accounting records. Many different employees had access to make corrections with no evidence that the Auditor approved the corrections. Detail was not presented for audit for the posting corrections.

Three receipts totaling \$49,634 were posted to the incorrect funds and were not corrected at December 31, 2006. Correcting entries for these transactions were given to the Auditor.

Ledgers were not presented in transaction date order making it difficult to trace and locate transactions.

Some checks were dated weeks prior to the ledger posting date making it difficult to locate the transaction in the ledger.

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. (Accounting and Uniform Compliance Guidelines Manual for Auditor's, Chapter 14)

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

TAX SALE SURPLUS FUND

The County was holding \$10,945.85 in the Tax Sale Surplus Fund at December 31, 2006, which had been held for more than three years.

Any amount deposited in the Tax Sale Surplus Fund and remaining unclaimed for a period of three years shall be transferred to the County General Fund. (Accounting and Uniform Compliance Guidelines Manual for Auditor's, Chapter 9)

TAX SALE REDEMPTION FUND

Corrections from the prior audit were not made in 2006 to the Tax Sale Redemption Fund. There were \$1,424.75 to be transferred to the General Fund and \$348.33 to be transferred to the Tax Sale Surplus Fund.

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)

SURPLUS TAX FUND

The Auditor was holding \$54,333.60 in Surplus Tax Funds, which had been held more than three years.

The Surplus Tax Fund Ledger was not reconciled to the Auditor's Funds Ledger as of December 31, 2006.

Indiana Code 6-1.1-26-6(c) states: "If an excess payment is not claimed within the three (3) year period after November 10 of the year in which the payment was made and the county treasurer has given the written notice required under subsection (d), the county auditor shall transfer the excess from the surplus tax fund into the general fund of the county. If the county treasurer has given written notice concerning the excess under subsection (d), the excess may not be refunded under subsection (a) after the expiration of that three (3) year time period transfer on the schedule."

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)

CONGRESSIONAL SCHOOL INTEREST

In January 2006, a distribution was made to the school corporations for the first payment of 2006. As of November 15, 2007, no other distributions have been made to the school corporations.

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Semiannually, on the second Monday of July and the last Monday in January, the auditor of each county shall make distribution of the interest on the congressional fund to the treasurer of each school corporation. (Accounting and Uniform Compliance Guidelines Manual for County Auditor's, Chapter 11)

EXCISE TAX DISTRIBUTION

Receipts received from the Bureau of Motor Vehicles were not reconciled to the management reports sent to the Auditor. In reconciling the receipts to those management reports, an under distribution of lottery credit excise, county excise, and wheel tax/surtax was found for 2006 of \$707,471.43. The Auditor was instructed to distribute this excess with the December 2007 settlement.

The following step should be taken by the 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 Auditor's, Chapter 9) This was a comment of prior Report B28582.

BOARD MINUTES

Minutes of meetings of the governing bodies were not timely prepared. There were instances where minutes were not available until three months after the meeting. Minutes are retained as word documents and published on the web. No hard copies are retained for review in the Auditor's office. Minutes are not being signed by the Commissioners. County Council signs an approval of minutes form for each meeting.

Indiana Code 5-14-3-7(a) and (b) states in part: "(a) A public agency shall protect public records from loss, alteration, mutilation, or destruction, and regulate any material interference with the regular discharge of the functions or duties of the public agency or public employees. (b) A public agency shall take precautions that protect the contents of public records from . . . alteration"

Indiana Code 5-14-1.5-4(c) states: "The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

FIXED ASSET

The County had been keeping fixed assets on a computer program. Additions and deletions were not properly recorded for 2006. Asset purchases made with federal money were not added. Many errors were noted on the fixed assets records which materially misstated the equipment and building worksheet balances for 2006. The records were incorrect.

COUNTY AUDITOR
MONROE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors', Chapter 20)

PRESCRIBED FORMS

The Fixed Asset Form 146 and Distribution Of Excise Tax Form 24F were not always used. The Petition For Correction of Error Form 133 was not always on file. When used, the form did not always have adequate supporting documentation for corrections and was not always signed by the taxpayer. The bid record was being used but not all bids were recorded on it.

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 Auditor's, Chapter 14)

ERRORS ON CLAIMS

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

- (1) Claims were not prepared for all disbursements.
- (2) Some claims were not adequately itemized.
- (3) Some claims did not have board approval.
- (4) Some claims or invoices did not have evidence to support receipt of goods or services.

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."

COUNTY AUDITOR
MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2008, with William Steger, County Attorney; Jeff Cockerill, County Attorney; R. Michael Flory, County Council Attorney; Marty Hawk, Sophia Travis, Vic Kelson, and Michael Woods, County Council; Iris Kiesling, Patrick Stoffers, and Joyce B. Poling, County Commissioners; and Jane Marie Lind, Commissioner's Secretary.

The contents of this report were discussed on March 5, 2008, with Mark Hazelbaker, Chief Deputy Auditor; Cathy Smith, Financial Director Auditor's Office; and on March 18, 2008, with Sandra M. Newmann, Auditor. The official response has been made a part of this report and may be found on pages 12 through 27.

**COUNTY AUDITOR MONROE COUNTY
AUDIT RESULTS AND COMMENTS**

Official Audit Response by Sandra M. Newmann

1 PENALTIES, INTEREST AND OTHER CHARGES

Instances of payments to vendors and the Internal Revenue Service (IRS) that were paid up to two months after the due dates. As a result the following penalty and interest charges were incurred:

- a) Penalties and interest totaling \$640.95 were paid to the Internal Revenue Service (IRS) for 2006.

Response: *This penalty was derived from an unclear understanding of the IRS \$100,000 Next Day Deposit Rule relative only to corrections/adjustments to payroll checks and how to report these corrections/adjustments on the Schedule B (Report of Tax Liability for Semiweekly Schedule Depositors) that is submitted quarterly with the 941 information report to the IRS. The IRS was contacted via phone on 03/20/07, followed by a letter to request a waiver of the penalty on 03/21/07.*

- b) Anthem Insurance

Response: *Electronic Invoices for Medical Insurance were being sent to one employee's computer and had only a three day window for payment. The employee did not realize that this strict timeline existed and payments happened beyond that window. When this was brought to the Auditor attention by State Board of Accounts, the Auditor expeditiously changed the protocol for making these payments. The new procedure includes additional employees receiving the electronic bills, which allows for time variables such as employee vacations to occur without impact on the process. The current process sends the electronic notification to multiple computers and allows four employees to check three separate email addresses which receive this notification. Payments are now made immediately upon receipt by the employee(s) designated to distribute payments. This process was implemented in January 2008 and is working well, as now any one employee's absence cannot impact the process of paying these claims within the three day window.*

- c) AUL disability

Response: *Early in her term, the Auditor became concerned with the history of this program and its past administration, forcing her to seek other alternatives for employee disability insurance. In 2006, she arranged for new coverage from an alternate vendor which began January 1, 2007. The county no longer has this program as it was terminated due to the performance of its vendor and their representation with and to the county. In fact, when the Auditor began her term in 2005, the county had no less than three distinct vendors for disability insurance. She has streamlined this employee service to one vendor which provides quality service and reasonable rates.*

- d) PERF

Response: *Disruptions with PERF payments were generated by complications involving software interaction. When processing a PERF payment, the electronic report produced by our county's financial software did not include the "voluntary" portion of the PERF deduction. This resulted in employees who had subscribed to this voluntary program, being excluded from the claim paid to PERF for retirement. In the past, the actual employee who had performed this payment for years did not communicate that this was the process and that she took care of these voluntary situations differently, processing them by hand. In fact, the method of voluntary PERF processing and the amount calculated by those employees who were participating were also not processed correctly. The employees who chose to participate in the PERF pre-tax voluntary deduction program were not pre-qualified by the PERF organization to participate in the program. In essence, the Auditor has completely overhauled this program. This includes qualifying participants and processing their deductions through county's payroll system, a module of the county's financial software. This procedure now takes care of itself automatically, during the payroll process.*

- e) Credit card late fees totaling \$667.41 were paid to Fifth Third Bank for the period of January 1, 2006 to February 22, 2007.

Response: *The following 5/3 Credit Card account charges have been refunded and or charged off by Treasury Management Director Brea Kuhn and Bank Vice President of Public Funds, Carl Mills from 5/3 Bank, Capital Center, in Indianapolis, Indiana. The State Board of Account Field Representative for Monroe County has been given the March 27, 2008 correspondence from Carl Mills to Cathy Smith, Monroe County Financial Director explaining the credit reconciliations. They are as follows:*

Credit Card details regarding repayment to county:

Monroe County Assessor: *Card ending with 1602*

Refund: \$359.56 for late fees and finance charges, refund check sent 7/20/2007

Refund reported on Quietus # 18684 dated 11/8/07

Monroe County Planning Department: *Card ending with 1506*

Refund: \$376.90 in late fees and finance charges, refund check sent 7/20/2007

Refund reported on Quietus # 18684 dated 11/8/07

Credit: \$.10 in finance charges outstanding were credited back 10/27/2007

Monroe County Prosecutors: *Card ending with 1180*

Refund: \$168.38 in late fees and finance charges, refund check sent 7/20/2007

Refund reported on Quietus # 18684 dated 11/8/07

Monroe County Auditor: *Card ending with 0810*

Refund: \$128.36 in late fees and finance charges, refund check sent 12/12/2007

Refund reported on Quietus # 019059 dated 12/28/07

Monroe County Health Department: *Card ending with 1297*

Refund: \$48.01 in late fees and finance charges, refund check sent 12/14/2007

Credit: \$181.41 in finance charges outstanding were credited back 12/14/2007

Refund reported on Quietus # 019059 dated 12/28/07

Monroe County Parks & Recreation: *Card ending with 1529*

Credit: \$2.50 in finance charges outstanding were credited back 3/21/2008

Monroe County Technical Services Department: Card ending with 2651
Refund: \$411.86 in late fees and finance charges, refund check sent 12/12/2007
Refund reported on Quietus # 019059 dated 12/28/07

Monroe County Building Department: Card ending with 1347
Credit: \$92.93 in previous charges from 2004 charged off by 5/3

Monroe County Technical Services Department: Card ending with 2651
Refund: \$411.86 in late fees and finance charges, refund check sent 12/12/2007
Monroe County Commissioners: Card ending with 1040
Balance: \$1,363.98 in card charges, late fees and finance charges, charged off 4/10/2007
Credit: \$1,255.00 posted by 5/3 on 4/10/07

Monroe County Highway: Card ending with 0992
Balance: \$129.65 in card charges, late fees and finance charges, charged off 4/10/2007
Balance: \$112.35 in card charges, late fees and finance charges, charged off 4/10/2007

Monroe County Treasurer: Card ending with 0887
Balance: \$17.49 in card charges, late fees and finance charges, charged off 4/10/2007

2 OVERPAYMENT COLLECTIONS

- a) We also found that a payment was made to Fifth Third Bank for credit card expenses for the health department on October 24, 2006 and again on November 20, 2006 for \$1559.09. Credit card statements were reviewed for the health department and no credit was found. Statements were not presented for audit for the other county departments showing evidence a refund or credit was received. The county no longer uses Fifth Third Bank for their credit card charges.

Response: Credit was given to Monroe County by 5/3 Bank and is detailed above.

3 INTERNAL CONTROL OVER PAYROLL

- a) We observed that on December 28, 2006 electronic transfers were made for \$4,346.40 for social security and Medicare and \$4,457.79 for federal taxes. However, there was no supporting documentation as to why these transfers were made.

Response: The Auditor questions the separation of this information from its parent computation of \$168,489.76 produced by the payroll software and reported on the 941 summary report dated 12/8/06. Although these funds were sent to the Federal Government on 12/28/2006 by electronic transfer and separate from other payments made for that pay date, these expenses had already hit our payroll database to be included on the payroll documentation for the pay date of 12/08/06. The only difference for this payment, compared to regular payments, is the lag time in sending the smaller amount of funds to the IRS, as these payments were generate from smaller, supplemental pays. No penalties or complications occurred from this process. Documentation has been provided to the State Board of Accounts to verify the paper trail of this pay operation.

- b) Adjustments had been made to some employees' earnings records that resulted in the record showing the gross pay less the deductions not equaling the net pay. As a result, employee payroll checks did not always agree to the earnings record.

Response: *Sometimes employee earnings records do not reflect the proper calculation and will need to be adjusted. In order to rectify the situation, a payroll adjustment must be made. The Auditor's payroll staff does not make these changes without the guidance and supervision of the technical support or software developers from the county's financial software vendor. An adjustment is made to the raw data in the county's database reflecting the change with the involvement and under the director of the vendor. The vendor's software produces a specific payroll report, entitled "Check History Report" which does not always reflect the raw data adjustments due to the method of the changed data's status in the database. The procedure to verify the correct earnings is to use a spreadsheet called an "Earnings and Deduction Balancing Tool" and entering the raw data from the Earnings and Deduction Report. This report shows the accurate amount and both the actual paychecks and the W2 reflect this amount. Once the next year begins, the employee's individual canned "Check History Report" will then again become accurate because the manual adjustments made the previous year fall off and the data resets. The procedure to perform this manual balancing using the "Earnings and Deduction Balancing Tool" and has been provided to the State Board of Accounts, which may be a more appropriate way to examine this data due to the inflexible nature of the "Check History Report".*

- c) Benefit withholdings were traced from the payroll deduction reports to the billings from vendors. We noted many differences in the amounts withheld and the amounts billed for individual employees. Some employees had deductions from their payroll but were not enrolled or included in the billing; other employees were on the billing but had no payroll deductions. One employee had Anthem insurance for two years with no withholdings. No comparison of the payroll deductions to the billings was performed by the county.

Response: *The Auditor agrees that some employees' deductions have not reflected the actual benefits they have received. The Auditor reiterates that even though this process is unacceptable, it had been occurring for years. When she took office in 2005, the employee specifically mentioned here was already receiving free Anthem insurance. The employee's deduction had been incorrectly setup in the County's payroll module of the electronic financial system and generated the first incorrect deduction to the employee's check dated 1/9/2004. This was discovered by the Auditor directly after the long-time employee retired who processed payroll. Although, this is by far the situation which has resulted in the most incredulous error of this nature. The development of these kinds of errors are majorly rectified by the implementation of a new systemic deduction program, designed to catch these errors and streamline the payment, origination and processing of all deductions. At this time, the employee specifically mentioned accumulated a deduction deficit in excess of \$2,000 which has not been repaid because the employee has been severely disabled, unable to continue employment.*

The various differences between amounts withheld and amounts billed also contributed to the deficit balances that we noted. During 2006, county general funds were transferred in the amount \$379.51 to the AUL Universal Life fund and \$1,465.97 to the AUL Disability fund to eliminate deficit balances. We also found that during 2006, \$477.36 of county general funds were transferred to the FICA and Medicare fund. At December 31, 2006

the following withholding accounts had negative balances: state tax \$51.11; local taxes \$1,062.58; and PERF \$1,787.13.

Response: *Due to the major clean up of the deduction process, streamlining available deductions and the elimination of deduction program duplication has made the day-to-day management of the deduction process much more simple to perform accurately. This will eliminate the above mentioned types of errors once.*

- d) We also noted exceptions in both compliance with PERF guidelines and payments to PERF. Payments were made to PERF that included longevity paid as covered payroll, contrary to PERF guidelines. As of December 31, 2007 this had not been corrected. Differences in years of coverage service were noted between the county and PERF for some employees. As of December 31, 2007 this had not been corrected. One employee was in a covered position but did not have PERF withheld and had not been enrolled.

Response: *When the Auditor took office in 2005, it appears that PERF had been withheld on all income for every eligible employee, regardless of classification of pay. This was discovered by the Auditor directly after the long-time employee retired who processed payroll. At that time, the Auditor contacted PERF for deduction guidelines and discovered that PERF was not allowed to be paid on various types of pay. At this time, the Auditor pays PERF only on paid funds which are inclusive only to the state guidelines for PERF eligibility. At this time, all previously affected employees' PERF deductions have been corrected to reflect these guidelines.*

- e) In a review of W-2's we noted that for six employees the PERF voluntary contributions were erroneously reported as pre-tax deductions.

Response: *The exception has been explained in the comments above.*

- f) It was also noted on some W-2's that the pre-tax deductions for insurance did not show up in the summary of other deductions on the W-2's. The insurance deduction was used to reduce Social Security Wages.

Response: *This occurs because of the number of fields allowed for deductions on the actual W2. According to 2006 instructions from the IRS website regarding the preparation of W2s, if more than four items need to be reported in that field (W2 box 12), they will not fit as this is a limited space field.*

- g) The W-3 report filed did not agree to the W-2's. An amended W-3 was not filed when amended W-2's were issued. Any inaccurate employee withholdings should be researched and corrected. Any incorrect reporting should be corrected. The IRS should be contacted on the best way to proceed.

Response: *IRS form W3 (Compilation of Wages Transmittal Report) is only required to be filed with the county's copies of W2s. A paper document was prepared in error by a staff member, which was actually not needed at all. The total on this form is not the total of our W2s and misrepresents what we actually sent to the IRS electronically. Monroe County W3 information is sent to the IRS via a file uploading system and was sent correctly in the electronic format. Please disregard the paper copy of the W3 as it is not correct and should have never been prepared in the first place, nor does it reflect our totals.*

4 PAYROLL DEDUCTIONS ELECTION WORKERS

- a) In reviewing the records presented for full audit, we noted that some election workers had no social security and Medicare withheld from their payroll. Other election workers had social security and Medicare taxes withheld from their November pay for both the May and November wages. There was no evidence presented for audit to support that the appropriate withholdings had been made for election workers. We also found that some election workers for the November 2006 election were not paid until 2007 and that some workers never received payment.

Response: *Due to an IRS Audit of Monroe County, it was brought to the attention of the Auditor that the county had been negligent in not withholding certain taxes from poll workers checks, a process that had been in place for years. During the 2006 Auditor's Conference, all counties were notified by the IRS that during the Audit in Monroe County (along with two other counties) it had come to the attention of the IRS that Indiana was not withholding certain taxes on poll workers. This was found to be not acceptable to the IRS, who insisted that all counties in Indiana immediately begin to collect taxes on this act of labor.*

With our financial software vendor's assistance, the Monroe County Auditor's Office attempted to meet the IRS requirement and put all these individual in our payroll module and pay them through our payroll system, which would collect the proper taxes. Due to the large number of older poll workers who did not want taxes withheld, large number of precincts in our county and the difficulty obtaining poll workers who were willing to provide this information, we were short handed right up to the elections. We attempted to gather this information in arrears after the last minute scramble to cover the polls. Some information was not turned in and delay payment of these individuals. The Auditor's Office paid all poll workers without delay, once their information was obtained. This will no longer be an issue, as the IRS's ruling to collect these taxes changed in May 2007 to except this labor type and now the Auditor can pay most poll workers with an accounts payable check, eliminating the need to even place this information in the payroll system.

5 PAYROLL CLAIMS

- a) Employees Service Records (General Form 99A) were not maintained for all employees tested.

Response: *The Auditor had not been given a list of the individuals that this remark refers to and at this time can not respond adequately without further information regarding this matter. The Auditor has requested a list of these individuals from the State Board of Accounts Field Examiner in order to investigate this phenomenon. These records are prepared in each employee's department and forwarded to our office for permanent record storage only. The Auditor would be happy to contact the employees' department and attempt to obtain the Service Records as applicable, if the employees could be made know to the Auditor.*

Note: On 3/27/08 at 4 pm, State Board of Accounts Field Examiner Annette Ladson provided a list that identified these employees. This will be investigated immediately.

- b) For all those employees who have service records, not all contained the necessary information of sick, vacation and personal days earned and used.

Response: *The Auditor had not been given a list of the individuals that this remark refers to and at this time can not respond adequately without further information regarding this matter. The Auditor has requested a list of these individuals from the State Board of Accounts Field Examiner in order to investigate this phenomenon. These records are prepared in each employee's department and forwarded to our office for permanent record storage only. The Auditor would be happy to contact the employees' department and attempt to obtain the Service Records as applicable, if the employees were identified.*

Note: On 3/27/08 at 4 pm, State Board of Accounts Field Examiner Annette Ladson provided a list that identified these employees. This will be investigated immediately.

- c) We found two instances of sick leave earned per the employee service records which was not in accordance with the personnel policy.

Response: *These employees were identified in the Audit Review and investigated. This mistake appears to be a cut and paste error, made during insertion of electronic data which overwrote a field that should have been zero with the number one. This has been noted and due to the criticality of this information, the process has changed to eliminate the cutting and pasting of this area on Employee Service Record Spreadsheets.*

- d) Payroll time sheets were not always signed by department heads.

Response: *In January 1, 2007 the Auditor implemented a new procedure for signatory responsibility of employee time reported on official timesheet documents. The old system allowed many county positions to produce timesheets which were not signed by a hierarchical position. The policy has been changed and all timesheets, with only exceptions of duly elected officials, must be signed by the county official who supervised each employee. This includes county department heads which are not elected officials.*

6 COUNTY SETTLEMENT

- a) In a review of the settlement many posting errors were found. Some errors were attempted to be corrected several times by different employees, making it very difficult to verify the accuracy of the settlement. Many checks were void and rewritten. Distribution to the state for the balance of Property Tax Replace Credit was amended several times.

Response: *Three Taxation Settlements were made in 2006. This includes December 2005, June 2006 which was amended in July 2006 and December 2006. Because three distinct Settlements were made from Fund # 0336, this fund esoterically had 50% more activity than previous years. Unfortunately for Monroe County, which had lost its Financial Director of 25 years months earlier, there was a high turnover of employees in this key financial position. The Auditor was disappointed herself to loose three Financial Directors in a just a few months, as she would have preferred to have an employee join her team and stabilize this position. Because this did not happen, she transferred her Chief Deputy to this position in order to fill the position with a staff member who clearly understood taxation and the process of Settlement to Taxing Units for purpose of stabilizing this process. Auditor Newmann has directed the new Financial Director to*

follow a strict protocol of Settlement Processes. The Financial Director makes the calculations and fills out the Distribution Form 22s. A second person cuts the checks to the taxing units and gives them to the Financial Director for approval, based on the Financial Director's calculations. Two sets of eyes are on every calculation, yet only one person writes the checks. This way, if an A/P or Receipt correction needs to be generated, it is not processed by the actual check writer, it is corrected by only the Financial Director who is authorized by the Auditor as the only person who can make General Ledger changes to the County's Settlement Accounts. These new processes implement a method of internal financial control over Settlement funds. In the future, Settlement should be more streamlined and efficient, thus making it much easier to follow.

7 ANNUAL REPORT

- a) An annual report for 2006 was presented for audit but did not agree to the county's financial statements. Investment activity and investment balances at December 31, 2006 were not reported on the county's annual report. The detail of receipts and disbursements did not agree to the revenue and expenditure detail reports.

Response: *The 2006 Annual Report was deficient in providing investment information. However, this has been rectified for the next Annual Report, which was given to the State Board of Accounts and will be used in the present audit. The 2007 Monroe County Annual Report does incorporate the Investment Activity Report and the Monroe County Treasurer provided and verified information regarding the County's investment activity to the County's Financial Director and this information was included in the Annual Report submittal.*

8 ACCOUNTING RECORDS

- a) Several posting errors were made in the County's accounting records. Many different employees had access to make corrections with no evidence that the Auditor approved the corrections. Detail was not presented for audit for the posting corrections.

Response: *The Auditor has put into place a formal protocol of administering journal posting corrections. This procedure includes a duly authorized financial employee to complete a document entitled "Correction Request" and include the following information, along with a copy of the original journal transaction and corresponding back-up information regarding the correction, and the Batch Listing showing the correction has been entered properly in the system.*

Provided information includes:

Name of Individual Authorizing Correction

Date of original transaction

Date of corrective transaction

Source Code of Transaction

Computer Routine Batch Number

Line number of Account affected

Reference Number (Original Quietus Number or Check Number Affected)

Original Description of Transaction

Debit or Credit amounts which are changing in funds

Budget Line name and number from Original Transaction, including amount

*Budget Line name and number showing Corrective Transaction, including amount
Date the Correction Request was authorized.*

- b) Three receipts totaling \$49,634 were posted to the incorrect funds and were not corrected at December 31, 2006. Correcting entries for these transactions were given to the County Auditor.

Response: *Receipt corrections have been made as follows:*

RECEIPT NUMBER	AMOUNT	FROM FUND	TO FUND	DATE OF CORRECTION
16033	\$47,932.65	0843-000-6500	0101-000-5600	3-19-08
15650	\$150.00	1209-000-6500	0101-000-5601	3-19-08
15670	\$101.28	1209-000-6500	0101-000-5601	3-19-08
15906	\$1,496.90	1210-000-6500	1156-000-6500	3-19-08
Total Corrected	\$49,680.83			

- c) Ledgers were not presented in transaction date order making it difficult to locate the transactions.

Response: *We immediately contacted our financial software vendor, Harris Computers, and worked with their developer, Bill Ryerson, on trying to extract this information in the requested format of "all transactions for every fund in only date order" from our financial database. Unfortunately, we have been informed via email from this developer that that this deficiency cannot be rectified with our current financial system. They state in the attached email that this software was not designed to perform this function. Although, our Field Examiner has stated verbally and in writing that this data is provided by other counties for the purpose of auditing financial data, Harris has informed us that this is not the case, in fact they provide the same software to each county which produces only a "Transaction History Report" which is arranged first by fund, then by date order. They hold that this is the first time they have ever heard that the format of the "Transaction History Report" is not what is desired for State Board of Accounts auditing activities. They state that their policy is to create reports for which there is a statute requiring specific parameters. If you can suggest a statute which requires this information formatting requirement, we would be happy to pass that on to our vendor, Harris, as they have stated they would then bring their product into compliance.*

Because this vendor does not believe they are noncompliant regarding their information provision, we are unable at this time to produce this information.

- d) Some checks were dated weeks prior to the ledger posting date making it difficult to locate the transaction in the ledger.

Response: *Obviously, this is not the correct process that any financial software should follow and this is certainly not financial protocol, nor does the Auditor approve of this procedure. Because the Monroe County Auditor's Office has not been given instances to investigate, nor has any first hand knowledge of instances where this has occurred, can this even be addressed in a knowledgeable manner? Provision of occurrences as*

identified by the State Board of Accounts, will be thoroughly investigated at once and the Auditor will be happy to then make a knowledgeable response on this issue.

9 SURPLUS FUNDS

- a) The County was holding \$10,945.85 in Tax Sale Surplus Fund at December 31, 2006 which have been held for more than three years.

Response: *Funds in the amount of \$10,945.85 have been immediately transferred from the Tax Sale Surplus Fund # 0223-000-6500 to County General Fund Line # 0101-000-5603 for monies retained in excess of three years. Documentation attached.*

- b) Corrections from the prior audit were not made in 2006 to the Tax Sale Redemption Fund. There were \$1,424.75 to be transferred to the General Fund and \$348.33 to be transferred to the Tax Sale Surplus Fund.

Response: *Funds in the amount of \$1,424.75 have been immediately transferred from the Tax Sale Redemption Fund # 0223-000-6500 to County General Fund Line # 0101-000-5602 for monies retained in excess of three years. Funds in the amount of \$348.33 have been immediately transferred from the Tax Sale Redemption Fund # 0222-000-6500 to the Tax Sale Surplus Fund # 0223-000-5600 for retention. Documentation attached.*

- c) The auditor was holding \$54,333.60 in Surplus Tax Funds, which have been held more than three years. The Surplus Tax Fund Ledger was not reconciled to the Auditor's Fund Ledger as of December 31, 2006.

Response: *Funds in the amount of \$54,333.60 have been immediately transferred from the Surplus Tax Fund # 0224-000-6500 to County General Fund Line # 0101-000-5604 for monies retained in excess of three years. Documentation attached.*

10 CONGRESSIONAL SCHOOL INTEREST

- a) In January 2006 a distribution was made to the school corporations for the first payment of 2006. As of November 15, 2007 no other distributions have been made to the school corporations.

Response: *The Auditor was cautious to distribute additional funds from this account, as four distributions were made at one time on 12/7/2001. The county's financial software only goes back to the beginning of 2001 and it appeared in this data that the fund had been over distributed. It is the opinion of the current State Board of Accounts Field Examiner that these funds were expended to catch up with prior undistributed funds. Because our software cannot verify that speculation, the 2000 County Annual Report was consulted and it was verified that no monies were distributed in 2000 from the Congressional School Fund as stipulated by Indiana Code. Examination was made of the time period from the beginning of the electronic financial information (expenditures started 1/1/2001) to the current close-of-business date of this research (3-20-08).*

Findings included the following:

From the time period 12/7/01 to 12/31/06, 13 payments of the proper amount had been made to both schools stipulated by law. This is an overpayment of 2 payments from the scheduled 11 that should have been made during this period. Due to the fact that information may support that the 4 payments made on 12/7/2001 were to catch up the county, distribution has been made to reflect the following schedule:

Year	Period	Due Date	Date Paid RBB	Date Paid MCCSC
2008	January's Payment	01-28-2008	03/20/2008*	03/20/2008**
	July's Payment	07-14-2008	Not yet due	Not yet due
2007	January's Payment	01-08-2007	03/20/2008*	03/20/2008**
	July's Payment	07-09-2007	03/20/2008*	03/20/2008**
2006	January's Payment	01-30-2006	01/26/2006	02/01/2006
	July's Payment	07-10-2006	03/20/2008*	03/20/2008**
2005	January's Payment	01-31-2005	10/19/2005	11/02/05
	July's Payment	07-11-2005	10/19/2005	11/02/05
2004	January's Payment	01-26-2004	01/15/04	01/15/04
	July's Payment	07-12-2004	10/19/2005	11/02/05
2003	January's Payment	01-13-2003	03/04/2003	03/04/2003
	July's Payment	07-14-2003	07/17/2003	07/17/2003
2002	January's Payment	01-28-2002	04/02/2002	04/02/2002
	July's Payment	07-08-2002	03/04/2003	03/04/2003
2001	January's Payment	01-29-2001	12/07/2001	12/07/2001
	July's Payment	07-09-2001	12/07/2001	12/07/2001
2000	January's Payment	01-31-2000	12/07/2001	12/07/2001
	July's Payment	07-10-2000	12/07/2001	12/07/2001

* Paid with Warrant # 126126 (Purchase Order # AU1641)

* Paid with Warrant # 126127(Purchase Order # AU1641)

11 EXCISE TAX DISTRIBUTION

- a) 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 under distribution of lottery credit excise, county excise, and wheel tax/surtax was found for 2006 of \$707,471.43. The Auditor was instructed to distribute this excess with the December 2007 settlement.

Response: *This amount has been distributed as follows:*

2006 Deposits Received from BMV - Wheel Tax Only			
2006	STARS	BOSS	Total
January	52,998.66	41,134.52	94,133.18
February	126,705.99	161,694.80	288,400.79
March	155,568.45	233,347.50	388,915.95
April	130,510.13	118,900.54	249,410.67
May	115,727.89	117,684.80	233,412.69
June	148,403.43	48,588.90	196,992.33
	729,914.55	721,351.06	1,451,265.61

Wheel Tax Disbursements for 2006 Deposits		
	Jan-Jun 06 Wheel Tax Received:	1,451,265.61
Check Date	Check #	Amount Distributed:
11/02/2006	104157	-25,041.31
11/02/2006	104158	-1,301.27
11/02/2006	104159	-325,875.57
11/02/2006	104160	-382,253.36
	2006 Total	-734,471.51
12/05/2007	121878	-24,438.61
12/05/2007	121879	-1,269.95
12/05/2007	121880	-318,032.34
12/05/2007	121881	-373,053.22
	2007 Total	-716,794.12
Rounding Adjustment		-1,451,265.63
		-0.02

12 BOARD MINUTES

- a) Minutes of the meetings of the governing bodies were not timely prepared. There were instances where minutes were not available until three months after the meeting.

Response: *Due to the turn over of personnel and the incredible length of the Budget Hearings, specific meeting minutes that had been recorded were not typed in a timely fashion. The individual who was hired in this position started just before Budget Hearings which are three intense days of County Council Meetings. This individual struggled with the preparation of these documents and eventually quit because she could not do the work. This individual was replaced with a highly skilled employee who caught*

up the minutes and which has not been behind in minute preparation since they began employment with the Monroe County Auditor's Department.

- b) Minutes are retained as word documents and published on the web. No hard copies are retained for review in the Auditor's office.

Response: *Minutes of meetings for 2006 and later time periods for both the Commissioners' Meetings and the County Council Meetings are available to be read in the Monroe County Auditor's Office in .pdf format via the web. The general public can access these minutes without cost and without interruption by using the freely provided computer on the customer's side of the service counter, which has been there for several years. These minutes may be printed for the public at .10/page, though it is .25/page to Xerox older minutes in the County Minute Record Books as they are larger than 8.5" x 11", price set by County Statute. Recent minutes may also be electronically downloaded for free by any member of the general public via the web. The general public may also purchase a CD containing this information in the Auditor's Office. Original hard copies are also maintained by the office and may be photocopied for the .10/page stipulated in the County Ordinance. It would be inaccurate to say that minutes are not available to the public in this office, as they are actually available in more formats than before and certainly are more easily reproduced for customers. Concern was mentioned in the Exit Interview about the viability of the electronic minutes and the possibility of their being edited unlawfully. This cannot happen as the file is not available for editing and is actually a scanned .pdf picture of the original minutes.*

- c) Minutes are not being signed by the Commissioners.

Response: *The Commissioners are now signing an approval document similar to the one the County Commissioners sign.*

13 FIXED ASSETS

- a) The county had been keeping fixed assets on a computer program. Additions and deletions were not properly recorded for 2006. Asset purchases made with federal money were not added. Many errors were noted on the fixed assets records which materially misstated the equipment and building worksheet balances for 2006. The records were incorrect.

Response: *The County has a computer application designed for Fixed Asset Management. When the application was written, it was coded with many macros and spreadsheet links to run the application. Links were broken and macros were disabled by accident when used by employees who did not have the training to correctly manipulate the additions/deletions and the depreciation. This program has been revisited to fix the machinations needed to operate it properly. The missing pieces from county departments were incorporated correctly and the appropriate depreciation applied. A protocol for the method of additions and deletions was developed and will be used in the 2007 submittal. This program will be password protected to prevent macros, formulas and data from being bastardized unknowingly by employees using this electronic format.*

14 PRESCRIBED FORMS

- a) The fixed asset form 146 was not always used.

Response: *The Auditor cannot find any mention of Fixed Asset Form 146 on the State's website, nor in the spiral bound document "GASB 34 Implementation Guide" presented by the State Board of Accounts for their February 2001 presentation entitled, "GASB 34 Implementation for Governmental Unit Officials" which includes Appendix B, "Depreciation of Assets". Additionally, the Auditor questioned the State Board of Accounts Field Examiner, Annette Ladson, as to the whereabouts of this form and requested assistance with its location. The Field Examiner could not produce any information requiring the location or personal knowledge of this form.*

Should the State Board of Accounts produce this document, the Monroe County Auditor would be happy to incorporate its use in the Monroe County Fixed Asset Program.

- b) Excise tax form 24F were not always distributed and used.

Response: *Monroe County obviously had not used the Form 24F for many years and the Auditor had to spend a great deal of time figuring out what exactly the Form 24F was and where one could be obtained. The Auditor's search revealed that Form 24F had not been used by the Monroe County Auditor's office since at least 2001. There had been many years of presentation of BMV data to the State Board of Accounts with an electronic spreadsheet of the Auditor's Cashbook.*

The Cashbook had also been critically examined at the end of 2007, when it was determined that there was not enough information provided on the form for the cash book to appropriately identify the true amounts for excise, lottery, and wheel tax. Until this time, all three amounts were lumped into one column. During this examination, several hours were spent going over all BMV reports through December Settlement of 2005 and the employee tracking this information split these three items into individual columns. This new format of tracking BMV dollars since has provided a clearer picture of Excise Tax dollars making an audit trail clearer and more straightforward.

An approval request will be sent to the State Board of Accounts for approval of this spreadsheet.

- c) The petition for correction of error form 133 was not always on file.

Response: *The Auditor understands that only one Form 133 was found by the State Board of Accounts to be not on file. At this time, the State Board of Accounts has not provided the detail information on this one instance. Given more information, the Auditor would be happy to investigate and explain what is found.*

- d) When used the form did not always have adequate supporting documentation for corrections and was not always signed by the taxpayer.

Response: *Department of Local Government Finance staff members, Assessment Director Barry Wood and Tim Rushenberg, General Counsel, sent an email response to*

this audit exception to Monroe County. The response will be given in its entirety to the State Board of Accounts and quoting this document, we are processing the Form 133s in the necessary fashion which is allowing County employees to initiate the forms in lieu of taxpayer signatures. However, they state that they should revise the form to reflect "the 8 reasons" quoted in IC 6-1.1-15-12 and explain that they do not see a problem with continuing to allow county officials to initiate these forms without taxpayer signatures," as long as all parties are aware and in agreement". Most of these forms originate in the County Assessor's or Township Assessor's Office.

- e) The bid record was being used but not all bids were recorded on it.

Response: *The Auditor and the Commissioner's Attorney are not aware of a State Board of Accounts prescribed form for bid recording. Bids are open during the Board of Commissioners meetings and are recorded in the minutes. Should the State Board of Accounts produce this document, the Monroe County Auditor would be happy to incorporate its use appropriately.*

15 ERRORS ON CLAIMS

- a) Claims were not prepared for all disbursements.

Response: *State Board of Accounts was asked which accounts payable claim information was not presented for their inspection. Two were identified; these are claims associated with checks #91077 and #98505. When investigated, these were easily found in our files. Missing claim for check #91077 was found attached via a paperclip to the paper claim beside it in the file box and claim for check #98505 is for Financial Institution Tax and is located in the Settlement File. State Board of Accounts has been provided copies of both of these documents.*

- b) Some claims were not adequately itemized.

Response: *State Board of Accounts was asked which accounts payable claims were mistakenly presented with itemization. One was identified; this was the claim for check # 98768. The accounts payable clerk quickly located the supporting documentation which verifies the itemization as originally presented and has attached this to the paper claim. State Board of Accounts has been provided copies of these documents to verify this itemization.*

- c) Some claims did not have board approval.

Response: *State Board of Accounts was asked what claim documentation was deficient of approval of the governing body. This was identified as claim dockets of the County Commissioners. Upon investigation these dockets had been signed, though additional unsigned documents were attached to the back of the accounts payable claims.*

- d) Some claims or invoices did not have evidence to support receipt of goods or services.

Response: *The State Board of Accounts Field Representative presented only one piece of documentation from their examination finding of this matter. This documentation was identified as being the claim for check #106766, dated 12/19/06, and prepared by Carl*

Salzmann, Monroe County Prosecutor. When the employee who audited this submittal examined the documentation of this claim, it was determined that their signatory could authorize money returned to the state for unspent granted funds. There is no official invoice requesting this money be returned, however it remains the due diligent responsibility of the Prosecuting Attorney to return used funds in a reasonable period of time. The elected official chose to delineate this with an official letter, on his office's letterhead, which specified the amount of funds which would be returned. The Auditor found nothing to exhibit that this procedure was not acceptable. Still at this time, the Auditor's staff questions this finding and does not really understand why this is not acceptable. During the Audit, the staff did not receive any request for additional information regarding this claim, giving the chance to clear this finding.

COUNTY AUDITOR
MONROE COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sandra M. Newmann, Auditor: Penalties, Interest, and Other Charges, page 4	<u>\$ 2,396.83</u>	<u>\$ -</u>	<u>\$ 2,396.83</u>

AFFIDAVIT

STATE OF INDIANA)
Bartholomew COUNTY)

I, Karen Braun, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the County Auditor, Monroe County, Indiana, for the period from January 1, 2006 to December 31, 2006, is true and correct to the best of my knowledge and belief.

Karen Braun
Field Examiner

Subscribed and sworn to before me this 24 day of April, 2008

Amy M. Redlin
Notary Public

My Commission Expires: _____

County of Residence: _____

