

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

AUDIT REPORT

OF

COUNTY AUDITOR

BARTHOLOMEW COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED

09/15/2008

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy McKinney	01-01-07 to 12-31-10
President of the County Council	Sue R. Paris Phyllis Apple	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	Paul Franke Carl Lienhoop	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
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TO: THE OFFICIALS OF BARTHOLOMEW COUNTY

We have audited the records of the County Auditor for the period from January 1, 2007 to December 31, 2007, 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 Bartholomew County for the year 2007.

STATE BOARD OF ACCOUNTS

July 10, 2008

COUNTY AUDITOR
BARTHOLOMEW COUNTY
AUDIT RESULTS AND COMMENTS

DEPOSITS

Receipts were written for amounts which could not be verified to the bank deposits. The receipt did not detail if cash or check was received.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

DEPOSITS NOT TIMELY

In numerous instances, receipts were deposited later than the next business day.

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. . . ."

ERRORS ON CLAIMS

Claims reviewed during the audit period were not certified by the fiscal officer that they were true and correct.

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."

INTERNAL CONTROL - CAPITAL ASSETS

Our audit disclosed that internal control over fixed assets was inadequate to provide reasonable assurance that assets would be safeguarded against loss, and that reliable data is obtained, recorded, and maintained properly to permit the preparation of accurate financial statements.

COUNTY AUDITOR
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AUDIT RESULTS AND COMMENTS
(Continued)

As noted in the last 11 annual audits, attempts have been made to prepare capital asset records; however; the current capital assets records are not adequate. Not all capital asset purchases and disposals were recorded and the original cost did not reflect all value given towards purchase (trade-in value). We also noted that an annual inventory had not been conducted by each county office or department. No information was presented for audit to indicate verification was made of the capital asset inventory, independent of the employees having access to the assets. In addition, some capital assets were not properly identified including those that were acquired in whole or part with federal funding. These conditions indicate that proper segregation of duties did not exist and capital assets were not adequately safeguarded.

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 managements 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 County Auditors, Chapter 14)

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the General Fixed Asset Account Group, Form 369, or properly approved form, as applicable. 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.)

ANNUAL REPORT/FORM 100R

The annual report for 2007 was not filed within 30 days after the close of the year.

Report of Names and Compensation of Officers and Employees (Form 100R) was not filed with the State Board of Accounts for 2007.

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."

Indiana Code 5-11-13-1 states:

"Every state, county, city, town, township, . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

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AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn in 2007, by the corresponding amounts:

Adult Protective Services Grant Fund	(\$6,257)
Aftercare Community Liaison Fund	(\$8,589)

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 6)

QUESTIONABLE DISBURSEMENTS FROM THE E-911 FEE FUND

The County has established a separate fund to account for the financial activity of E-911 fees. Indiana Codes 36-8-16 and 36-8-16.5 establish guidelines for the expenditure of these fees. During our audit of these fees we found questionable expenditures as summarized in the following categories.

	2005	2006	2007
Indiana Office of Technology	\$ 2,250	\$ 4,055	\$ 4,404
Printer	-	899	-
Totals	\$ 2,250	\$ 4,954	\$ 4,404

Wireless services and equipment includes service and accessories provided to E-911 personnel. Other items purchased by the director were considered to be necessary to the operation of the E-911 Center. Under the heading of machinery and equipment was a printer.

Indiana Code 36-8-16-14(a) states:

"The emergency telephone system fees shall be used only to pay for:

- (1) the lease, purchase, or maintenance of enhanced emergency telephone equipment, including necessary computer hardware, software, and data base provisioning;
- (2) the rates associated with the service suppliers' enhanced emergency telephone system network services;
- (3) the personnel expenses of the emergency telephone system;
- (4) the lease, purchase, construction, or maintenance of voice and data communications equipment, communications infrastructure, or other information technology necessary to provide emergency response services under authority of the unit imposing the fee; and

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AUDIT RESULTS AND COMMENTS
(Continued)

- (5) an emergency telephone notification system under IC 36-8-21.

The legislative body of the unit may appropriate money in the fund only for such an expenditure."

Indiana Code 36-8-16.5-41(a) states:

"A PSAP shall use its distribution made under section 39 of this chapter for the lease, purchase, or maintenance of wireless enhanced emergency telephone equipment, including:

- (1) necessary computer hardware, software, and data base equipment;
- (2) personnel expense and training;
- (3) the provision of wireless enhanced emergency service; or
- (4) educating consumers about the operations, limitations, role, and responsible use of enhanced 911 service."

We recommend that the Director review the statute and expenditures being made from the fee based funds to determine compatibility. Expenditures determined necessary for the functioning of the E-911 program but outside the guidelines for the use of E-911 fees such as cell phones, certain laptop computers, office enhancements, supplies, and tools should be made from the General Fund or other appropriate funds.

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EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Nancy McKinney, Auditor; and Carl Lienhoop, President of the County Commissioners. The officials concurred with our audit findings.