

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

AUDIT REPORT

OF

BOARD OF COUNTY COMMISSIONERS

DELAWARE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

12/04/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Bradley Bookout	01-01-08 to 12-31-08
	Christopher Matchett	01-01-09 to 12-31-09
President of the Board of County Commissioners	John Brooke	01-01-08 to 12-31-08
	Todd Donati	01-01-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

We have audited the records of the Board of County Commissioners for the period from January 1, 2008 to December 31, 2008, 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 Delaware County for the year 2008.

STATE BOARD OF ACCOUNTS

October 22, 2009

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS

PURCHASE OF COMMISSIONERS VEHICLES

The County purchased two hybrid vehicles for use by the County Commissioners from the Cumulative Bridge Fund.

Indiana Code 8-16-3-1 states:

"Sec. 1. Notwithstanding IC 8-18-8-5, all municipal corporations and county executives may provide a cumulative bridge fund to provide funds for the cost of construction, maintenance, and repair of bridges, approaches, and grade separations. However, in those counties in which a cumulative bridge fund has been established, the county executive is responsible for providing funds for all bridges, including those in municipalities, within the counties except those bridges on the state highway system. The county executive may use this fund for making county wide bridge inspection and safety ratings of all bridges in a county not on the state highway system. The inspection and safety ratings shall meet all the criteria of the National Bridge Inspection Standards promulgated by the Federal Highway Administration, U.S. Department of Transportation and shall be supervised and approved by a competent, qualified engineer, registered in the state."

IC 8-16-3-1.5 states:

"Sec. 1.5. As used in this chapter: (1) "Bridge" means any structure designed to carry vehicular traffic over or under an obstacle to the normal flow of traffic and including any grade separation, culvert, or approach to a bridge. (2) "Approach" means any part of a road or street which is required to make a bridge a viable part of a county road or city street system but which does not extend more than five hundred (500) feet from the bridge. (3) "Construction" means both construction and reconstruction to a degree that new, supplementary, or substantially improved traffic service is provided and significant geometric or structural improvements are affected. (4) "Cost" means all expenditures required to construct, maintain, or repair a bridge, including engineering, equipment, land acquisition, materials, contracts, and bond interest."

DITCH RECORDS

The reports from the Data Processing Department are not adequate to allow the Auditor's office to reconcile their ledgers. The reports do not indicate beginning balances, principal balances at year end do not include any payments in excess of the annual amount due, the reports are not totaled, and no detail listing of accounts is available. Unpaid balances from prior years do not equal what was billed as delinquent in the subsequent year. In 2008, this resulted in \$9,428.83 that was unpaid at December 31, 2007, not being billed in 2008.

At all times, the manual and computerized records, subsidiary ledgers, control ledger and reconciled bank balances 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 Public Drainage Funds, Chapter 9)

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS - DELAWARE COUNTY 2007 EMPLOYEE HEALTH BENEFITS TRUST

In 2007, Delaware County's Board of County Commissioners agreed to establish a separate trust for employee health benefits under the laws of the state of Delaware. The County could not provide documentation to determine the proper reporting of its relationship with the Employee Health Benefits Trust in its financial statements, therefore none of the transactions of the trust are included in the financial statements.

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 Counties of Indiana, Chapter 1)

INTERNAL CONTROLS – TAX SYSTEM

As noted in prior Reports B27900 and B34160 and during the current audit period, the following deficiencies were noted during the review of the County's property tax computer system.

Output Balancing and Reconciliation

To help ensure reports are complete and correct, reports should be, but are not balanced to control totals produced during original entry of information into the system. The following deficiencies exist where generated reports are not reconciled. There are no system-generated reports from the tax system. However, the computer department constructs some reports at year end. The 2005 beginning billable amount in the Ditch Reconstruction Fund did not match the prior year's ending balance. The assessments on the tax duplicates did not agree to the abstract.

Audit Trails

Audit trails are insufficient. During parts of January, February, and March, some users are allowed to make changes to the CAMA system directly without creating a transaction. Additions, deletions, or changes made through this edit screen are not recorded in the application system. There are no reports provided by the system to record this type of maintenance activity (i.e., changing of fund balances). In addition, there are no manual procedures and logs to record this activity. Until this system is modified to record maintenance activities, manual logs should be used to record all activity performed through the edit and these logs should be retained for audit.

Input Controls

Users have no way of knowing if complete transactions have been entered into this system. While entering information on assessments, it is possible to enter only demographic information while omitting the assessment information. Edits should exist which would prompt a user when information is not complete. If the system cannot provide such edits, the user should implement manual controls such as checklists or visual verification.

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Without these internal controls, the County cannot ensure reliability of the financial information and records created and maintained in the property tax computer system. The Board of County Commissioners should establish internal controls over output balancing and reconciliation; audit trails; and input controls that will provide a proper internal control structure.

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 Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 22, 2009, with Judy Rust, County Auditor; Christopher Matchett, President of the County Council; and Pattie Lackey, Secretary of the County Commissioners. The officials concurred with our audit findings.