

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

EXAMINATION REPORT
OF
COUNTY TREASURER
WELLS COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
01/15/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rinda S. Vaughn Shar S. Mechling	01-01-05 to 12-31-08 01-01-09 to 12-31-12
President of the Board of County Commissioners	Paul I. Bonham	01-01-08 to 12-31-09
President of the County Council	Peter W. Cole	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WELLS COUNTY

We have examined the records of the County Treasurer 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Wells County for the year 2008.

STATE BOARD OF ACCOUNTS

December 9, 2009

COUNTY TREASURER
WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE

A comparison of the records to the bank account balances indicated a cash necessary to balance of \$5,141 at December 31, 2008.

On December 9, 2009, we requested the former Treasurer, Rinda S. Vaughn, to provide adequate documentation to support an adjustment to the record balance which would reconcile it with the depository accounts or reimburse the County the net cash necessary to balance of \$5,141.

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 County Treasurers, Chapter 10)

COUNTY TREASURER'S MONTHLY REPORTS

The total amount with which the Treasurer is chargeable for per the County Treasurer's Monthly Financial Report (Form 47TR) did not agree with the total charges per the Treasurer's Daily Balance of Cash and Depositories (Form 47) for 10 of the 12 months in 2008. A similar comment appeared in prior Report B32498.

On or before the 16th day of each month the Treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the Treasurer is chargeable for the various funds and accounts, the amounts with which the Treasurer is credited for money on deposit, invested and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16] (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 4)

INTEREST ON INVESTMENTS

Interest earned on investments was added to the principal and not recorded in the records for three of the County's investments. A similar comment appeared in prior Report B32498.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

COUNTY TREASURER
WELLS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

As noted in prior Report B32498, depository reconciliations of the fund balances to the bank account balances were either not presented for examination or were incorrect. The Treasurer continues to carry reconciling items that are up to six years old. These reconciling items include:

1. Bank encoding errors;
2. Twelve checks returned by the depositories for nonsufficient funds, of which nine are dated prior to January 1, 2007;
3. Electronic fund transfers that were not posted, including one that was received in August 2007;
4. Posting errors and cash shortages from daily collections of taxes which have not been corrected or were corrected but not in a timely manner;
5. Old outstanding checks dating back to 2004;
6. Unidentified items or monthly variances;
7. Items that had been corrected, but had not been removed from the reconciliation.

IC 5-13-6-1(e) states: "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."

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 County Treasurers, Chapter 10)

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year."

IC 5-11-10.5-5(a) states: "Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks."

COUNTY TREASURER
WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2009, with Shar S. Mechling, Treasurer; Paul I. Bonham, President of the Board of County Commissioners; and Peter W. Cole, President of the County Council.

The contents of this report were discussed on December 9, 2009, with Rinda S. Vaughn, former Treasurer. The official response has been made a part of this report and may be found on page 8.

COUNTY TREASURER
WELLS COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Rinda S. Vaughn, former Treasurer: Cash Necessary to Balance, page 4	\$ 5,141.00	\$	\$
Reimbursed by Rinda S. Vaughn on December 9, 2009	<u> </u>	<u>5,141.00</u>	<u> </u> -
Totals	<u>\$ 5,141.00</u>	<u>\$ 5,141.00</u>	<u>\$ </u> -

December 9, 2009

Over my eight years in office, a multitude of events happened making it challenging to reconcile. To mention just a few, converting from the old Manatron Vax to MVP caused many discrepancies. For financials, we were going up on Data Design then several months later that fell through. We then went back to Manatron then with Komputrol. Each was quite a transition to say the least.

Another is when we are not given a quietus for EFT's after repeatedly asking for them made the bank reconciliation very challenging. I really feel the Treasurer should not have all this to burden but rather share in this with the Auditor who receives the EFT's via e-mail and is the one who is to do the quietus and bring it to the Treasurer's office to do their side. Many times we noticed that a check was printed and sent out to the person who was to receive it and the Auditor would then bring us the information. Then the Auditor's office would see the check was incorrect and would void the check and bring us the void information. Meantime, the check was cashed by the person who received the check. This happened many times, again making reconciling very difficult.

Another challenge was when the Auditor's check numbers for claims and payroll caught up with each other causing two checks with the same check number for all the payroll and claims. The Treasurer's office told the Auditor's office a few months in advance this was going to happen, but they did nothing to prevent it. Thus another challenge to reconciling.

Another challenge was when the check numbers are used out of sequence order over and over causes another difficult challenge in reconciling.

Repeated problems of a quietus being printed but does not match the check that was received then given to the Treasurer's office to reconcile. Thus causing many hours and days of trying to find the problem.

Repeatedly, EFT's would show a deposit on our bank statement but the Auditor had not printed the quietus which comes to them via e-mail, to give to us. Many times it would be months later. Even when asking them about it, we still would have to wait for it for a long time. This would then have to be carried as a reconciling item for the bank reconciling.

Without the EFT and quietus, we cannot get it into our cashbook to balance with the bank statement timely.

It doesn't seem right that the Treasurer should be responsible for another office not carefully doing their job. I know this is not true with all Auditor offices, just some. This discrepancy is not totally from the Treasurer's side, but I have to pay it.

With the Treasurer's office taking in taxes alone amounting to over \$25 million a year times the eight years being in office, along with the other monies taken in for claims and payroll and all the new tax billing programs and financial programs, I feel we did well pulling through these challenges. Over the eight years as Treasurer with the investing of CD's, and interest on NOW accounts, I made the county over \$1 million dollars in interest earned. Our office of 3 employees had a big job to do. I just wanted to let it be known it was my desire to work with these challenges as they came, the best we could.

Rinda S. Vaughn

