

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
SCOTT COUNTY, INDIANA
January 1, 2008 to December 31, 2008



FILED
02/25/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Teresa Vannarsdall	01-01-07 to 12-31-10
President of the County Council	Raymond W. Jones	01-01-08 to 12-31-08
	Thomas A. Herald	01-01-09 to 12-31-09
	Donnie Richie	01-01-10 to 12-31-10
President of the Board of County Commissioners	Larry D. Blevins	01-01-08 to 12-31-08
	Mark Hays	01-01-09 to 12-31-09
	Robert Tobias	01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SCOTT COUNTY

We have examined the records of the County Auditor 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 Scott County for the year 2008.

STATE BOARD OF ACCOUNTS

December 17, 2009

COUNTY AUDITOR
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the General, Local Health Maintenance, County Alcohol and Drug Program, Probation Administrative Fee, and Payroll Funds were overdrawn at December 31, 2008, in the amounts of \$182,608, \$3,374, \$236, \$8,970, and \$2,562, respectively. These funds were not supported by State and Federal grants for which reimbursements of expenditures from the grantor agency were expected to offset the negative cash balance.

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 of Indiana, Chapter 14)

A similar comment was included in prior Report B33843.

ANNUAL REPORT

An annual report for 2008 was not presented for examination.

For the examination period, IC 5-11-1-4 (a) concerning annual reports, stated in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

Official 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 of Indiana, Chapter 14)

A similar comment was included in prior Report B33843.

CAPITAL ASSETS

Information presented for examination did not indicate an inventory for capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the Capital Assets Ledger 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 of Indiana, Chapter 14)

A similar comment was included in prior Report B33843.

COUNTY AUDITOR
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended
Health	\$ 13,330
Cumulative Court House	2,921

IC 6-1.1-18-4 states in part:

" . . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

A similar comment was included in prior Report B33843.

ACCOUNTING FOR E-911 FEES

Amounts receipted in the County's E-911 fund included monies received from both landline 911 fees and wireless 911 fees.

IC 36-8-16-13 states:

"A county treasurer or municipal fiscal officer to whom enhanced emergency telephone system fees are remitted under section 12 of this chapter shall deposit the fees in a separate fund. The fund shall be known as the _____ (insert name of county or municipality) emergency telephone system fund. The county treasurer or municipal fiscal officer may invest money in the fund in the same manner that other money of the county or municipality may be invested. The county treasurer or municipal fiscal officer shall deposit any income earned from such an investment in the fund."

IC 36-8-16.5-43 states:

"The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the _____ (insert name of county) wireless emergency telephone system fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section."

COUNTY AUDITOR
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We recommended the County utilize two separate funds to account for distributions received for landline 911 fees and wireless 911 fees and any related interest earned on investment of these funds. Other revenue sources (monies received not related to 911 fees or interest earned on investment of these fees) should be maintained in separate funds as well. Separate funds are required to ensure that fees received are expended only for those activities allowable per statute.

OVERPAYMENTS TO VENDORS

We noted instances where overpayments to vendors were not refunded to the County but were being applied to future purchases, or the refund check was returned with invoices to be applied to other purchases. Overpayments were often the result of paying the balance due on statements instead of the monthly charges. Some examples of these overpayments are as follows:

1. Invoices for purchases made by the Sheriff's Department for medicines and prescription drugs for inmates were paid twice on more than one occasion by the Auditor's office. These duplicate payments created a credit balance with the vendor. Instead of a refund check being issued by the vendor to the County, the vendor would credit the Sheriff's account and apply future purchases against the credit balance.
2. A duplicate payment was made by the County for food purchases for preparation of inmate meals. The amount of this duplicate payment was \$7,041.46. The vendor notified the County Auditor and the Sheriff's Department about the duplicate payment and the County requested a refund check. A refund check was issued by the vendor and sent to the County. The refund check was not deposited. Current unpaid invoices for food purchases were sent back to the vendor with the refund check and the invoices were applied against the refund check.
3. Payments for fuel purchased by the Highway Department had a credit balance at November 30, 2008, of \$4,047.62. For the period December 1, 2008 through January 31, 2009, there was \$2,547.04 in fuel purchases that were charged against the credit balance leaving a credit balance of \$1,500.58. The credit balance was refunded to the County on March 27, 2009.

Invoices for purchases applied to overpayments to vendors were not approved by the Board of County Commissioners.

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 17, 2009, with Teresa Vannarsdall, Auditor; and Mark Hays, President of the Board of County Commissioners.