

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

AUDIT REPORT

OF

COUNTY TREASURER

TIPPECANOE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

08/18/2010



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert A. Plantenga	01-01-08 to 12-31-11
President of the County Council	Kevin Underwood Andrew S. Gutwein	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	John Knochel	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TIPPECANOE COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2009 to December 31, 2009, 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 Tippecanoe County for the year 2009.

STATE BOARD OF ACCOUNTS

June 8, 2010

COUNTY TREASURER  
TIPPECANOE COUNTY  
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS - RECEIPTS

Controls for receipts generated by the Treasurer are insufficient due to a lack of segregation of duties. All employees, including the employee performing the depository reconciliation and the employee that maintains the cash book, accept payments, issue receipts, and prepare the receipts for deposit.

The computer system, as implemented, does not identify the employee generating a receipt. No mitigating controls are in place to compensate for this lack of audit trail.

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 County Treasurers of Indiana, Chapter 10)

INTERNAL CONTROLS - CASHBOOK

Controls over the receipting, disbursing, recording, and accounting for the financial activities in the Treasurer's office were insufficient:

1. Controls for the closing of the treasurer's electronic cashbook each month were not performed.
2. Adjusting/correcting entries to Treasurer's cash were not adequately documented or approved by the Treasurer.
3. There was no evidence that amounts certified to the Auditor for distribution were reconciled to the treasurer's cashbook.
4. The computer system's recording of surplus payments was overridden, posting the payments to advance collections.
5. For five of the twelve months the cashbook was modified after the filing of the Monthly Financial Report (Form 47TR) was completed. Corrected Form 47TRs were not submitted to the auditor and/or the State Board of Accounts.

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 County Treasurers of Indiana, Chapter 10)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 2)

COUNTY TREASURER  
TIPPECANOE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2010, with Robert A. Plantenga, Treasurer; John Knochel, President of the Board of County Commissioners; and Andrew S. Gutwein, President of the County Council. The official response has been made a part of this report and may be found on pages 6 and 7.



**TIPPECANOE COUNTY**  
**OFFICE OF THE TREASURER**

Robert A. Plantenga  
20 North 3<sup>rd</sup> Street  
Lafayette, Indiana 47901-1214

June 11, 2010

Bruce Hartman  
State Examiner  
State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, IN 46204-2765

Mr. Hartman:

I wish to respond to the issues addressed at the Tippecanoe County exit conference on June 8, 2010. Although, they are valid points, some explanation should be given.

Tippecanoe County installed a new tax system in July of 2009. The tax software used by our county from 1989 until this conversion was an in-house system written specifically for Tippecanoe County. No software change would have been made if not for a mandate from the General Assembly to do so.

The procedures and reports now used were totally unfamiliar to Tippecanoe County which caused issues with the 2009 collection and settlement. The situation was further complicated by the due dates of the property taxes being delayed with the two due dates being extremely close to each other (1<sup>st</sup> Installment – October 30 and 2<sup>nd</sup> Installment – December 11). This caused overlapping of settlement with collections. The delay of the tax bill mailing was not a result of the Treasurer's Office. Tax bills were mailed within 10 days of receiving the charge amounts from the County Auditor.

Property tax collections and distributions are done only twice per year (along with occasional advance distributions of property taxes). Therefore, training of the software was not completed prior to implementation of the system but rather on a day-to-day basis when events required the assistance. The result was that more errors occurred the first year the tax system was used than would be expected in future years.

With the number of bills generated and processed, errors will occur. Once an error is identified, my staff worked quickly to correct the issue but it wasn't always in time to correct the current month's cash book. Again, with the compressed tax collection schedule, corrections which needed vendor support, we certainly did the best we could.

Cheryl Jonker, Chief Deputy  
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As noted in the Corrective Action Plan, changes will or have already been made to address the issues brought up by the Board of Accounts. The best remedy of most of the issues is time. As we move into our second year of using the software, experience with the issues we faced in year one will help rectify most issues.

Since taking Office in January, 2007, our office staff of six was reduced to five with additional responsibilities added. Such as: the tax bills are now printed in-house; the tax payments are no longer sent to a lock box but rather those approximately 18,000 bills per installment are handled directly by this office. A reduction in staff means more than cross-training of employees. It means the sharing of duties including those of receipting. I will implement a system to help verify the person accepting the payment but with a limited staff, not many options exist.

The audit trail for receipting was noted by Board of Accounts. The Manatron Tax System is used in many counties in Indiana and the ability for Tippecanoe County to alter the system is very limited. I feel the receipt audit trail is more than sufficient.

In summary, basically all the issues raised by the Board of Accounts were attributed to the new tax software system and the timeframe this office was forced into with the schedule that 2009 property taxes were billed. For 2010, with the billing schedule back on track and with additional experience and knowledge of the tax system; these concerns should not be repeated in the future.

Sincerely,



Robert A. Plantenga