

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

AUDIT REPORT

OF

COUNTY AUDITOR

MONTGOMERY COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

08/24/2010



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COUNTY OFFICIALS

| <u>Office</u>                                     | <u>Official</u>                       | <u>Term</u>                                  |
|---|---------------------------------------|--|
| Auditor   | Michelle R. Cash                      | 10-16-07 to 12-31-10                         |
| President of the<br>County Council                | James D. Fulwider<br>Richard Chastain | 01-01-08 to 12-31-09<br>01-01-10 to 12-31-10 |
| President of the Board of<br>County Commissioners | Harry A. Siamas<br>Phillip Bane       | 01-01-08 to 12-31-09<br>01-01-10 to 12-31-10 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONTGOMERY COUNTY

We have audited the records of the County Auditor 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 Montgomery County for the year 2009.

STATE BOARD OF ACCOUNTS

July 15, 2010

COUNTY AUDITOR  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Information presented for audit did not indicate an inventory of 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)

ANNUAL REPORT

The original 2009 Montgomery County Annual Report presented for audit was not prepared properly.

Receipts were not classified properly. Specifically, all General Fund and Highway Fund receipts were classified as other revenue.

Fund names were omitted from the Annual Report.

Receipts, disbursements, and balances of the county departments were not included in the Annual Report. Other agency funds were not separated but combined as tax distribution funds.

The unit's Annual Report was not reviewed by the County Auditor or any member of the County Council or the Board of County Commissioners.

IC 5-11-1-4(a) concerning municipal annual reports, states in part:

". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

The auditor is responsible for preparing: (1) a monthly financial statement to be reconciled each month to a similar statement prepared by the county treasurer; (2) an annual financial statement to be submitted to the board of county commissioners and published; and (3) an annual financial report to the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 3)

PAYROLL

Our testing of the payroll system revealed the following deficiencies:

The Sheriff's Department was not providing the County Auditor's Office with accumulated compensatory leave balances for its employees. A review of accumulated compensatory leave balances for the Sheriff's Department employees resulted in 9 employees exceeding the 80 hour limit set by the County.

COUNTY AUDITOR  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

The Montgomery County Employees' Personnel Policy Manual, Section F paragraph 2 states: "The maximum compensatory time which a regular, full-time employee may accrue is 80 hours for employees of the Sheriff's Department and 40 hours for all other County employees." Paragraph 6 states: "For those employees having more than the maximum number of accrued hours of compensatory time, the Department Head shall require that the employee take off sufficient compensatory time on or before December 31, 2007 in order to reduce the number of hours to a number which complies with the maximum number of hours provided for in paragraph 2."

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

CREDIT CARDS

As stated in the prior Report B33623, the Sheriff's Department and several departments of the County are using credit cards to purchase items without a credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

COUNTY AUDITOR  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

(7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

(8) If properly authorized, an annual fee may be paid.

14) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter

COUNTY AUDITOR  
MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2010, with Michelle R. Cash, Auditor; Terry Hockersmith, Vice President of the Board of County Commissioners; and Richard Chastain, President of the County Council.