

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

AUDIT REPORT

OF

AUDITOR

PIKE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED

09/14/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Overdrawn Fund Balances	4
Capital Assets.....	4
Expense Reimbursement Itemization.....	4
Compensation and Benefits	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Teresia Faye Leslie	01-01-07 to 12-31-10
President of the County Council	Sharon Booth	01-01-09 to 12-31-10
President of the Board of County Commissioners	Dale E. Nalley	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PIKE COUNTY

We have audited the records of the 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 Pike County for the year 2009.

STATE BOARD OF ACCOUNTS

August 12, 2010

AUDITOR
PIKE COUNTY
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Payroll Fund was overdrawn in 2009 by \$6,164.

The 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, Chapter 14)

CAPITAL ASSETS

Information presented for audit did not indicate any capital asset updates for the audit year of 2009. No additions or deletions were recorded for capital assets.

The current audit report will use the capital assets from December 31, 2008, for reporting purposes.

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

EXPENSE REIMBURSEMENT ITEMIZATION - SHERIFF, COMMISSIONER'S SECRETARY

Records presented for audit included multiple claims that did not have any documentation attached to the information presented for reimbursement which would enable a determination that all expenses were for employees conducting governmental business.

Most exceptions noted with no itemized documentation were for meals; the employees need to submit the itemized receipt not the summary receipt. The two departments with exceptions noted during the claims test were the Sheriff and the Commissioner's Secretary.

Some of the meal claims that did have documentation attached for multiple meals, but did not list any names of who consumed the meals. This documentation is necessary to verify that only county employees are receiving the meals.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with Indiana Code 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

AUDITOR
PIKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

COMPENSATION AND BENEFITS

Pike County has a written employment policy which states: "All vacations must be taken during the period for which they are earned and accumulation of vacation time is not permissible."

On August 14, 2009, Sheriff's Chief Deputy, Jeremy Britton, and Sheriff Deputy, Brad Jenkins, received \$1,235.36, and \$394.82, respectively, for unused vacation leave for 2009. Chief Deputy Britton's anniversary date is August, while Deputy Jenkins anniversary date is January, five months remaining until the vacation hours had to be used.

The Sheriff requested these days be paid and the auditor's office originally denied the claim because it violated the county vacation leave policy. The auditor's office emailed the State Board of Accounts and received a reply that indeed the county policy needed to be amended before payment could be made without audit exception.

The Sheriff then sent separate letters to the county commissioners asking that the deputies be paid vacation hours instead of actually taking the time off. The auditor's office was provided with two letters signed by two of the commissioners stating they had no problem with this. Due to these letters from the county commissioners requesting the payments, the auditor's office paid the officers on August 14, 2009.

The request for paying the vacation pay without time off should have been brought before the County Council for approval.

All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, and resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 18)

AUDITOR
PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2010, with Teresia Faye Leslie, Auditor; Dale E. Nalley, President of the Board of County Commissioners; and Sharon Booth, President of the County Council. The officials concurred with our audit findings.