

B37680

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

AUDIT REPORT
OF
GREENE COUNTY GENERAL HOSPITAL
GREENE COUNTY, INDIANA
January 1, 2009 to October 27, 2009



FILED
10/21/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Hospital Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Controls	4
Deposit of Money	4
Receipt Issuance	5
Timely Recordkeeping	5
Records Retention	5
Cash Necessary to Balance	6
Audit Costs – Missing Funds	6
Official Bond	6
Exit Conference	7
Official Response	8

HOSPITAL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Jonas S. Uland	01-01-09 to 12-31-10
Treasurer	Timothy W. Norris	01-01-09 to 12-31-10
Chairman of the Hospital Board	Ralph E. Hiatt	01-01-09 to 12-31-10
President of the Board of County Commissioners	Bart Beard Steve Lindsey	01-01-09 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF GREENE COUNTY GENERAL HOSPITAL

We have audited the records of the Greene County General Hospital for the period from January 1, 2009 to October 27, 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 the hospital are reflected in the Audit Report of Greene County General Hospital for the year 2009.

STATE BOARD OF ACCOUNTS

May 27, 2010

GREENE COUNTY GENERAL HOSPITAL
GREENE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The following concerns over the controls for receipting, recording and accounting for cafeteria receipts were noted:

- (1) Hospital receipts were not issued at the time of the transaction by the business office cashier when daily cafeteria receipts were remitted.
- (2) A cafeteria employee did not observe the business office cashier count the daily collections from the cafeteria when the collections were turned into the business office or wait for a written receipt. Usually daily collections were placed on the cashier's counter in the business office and were not always given directly to the cashier.
- (3) The business office cashier was the only employee that worked with cafeteria receipts and there was no supervision over the processes to ensure the receipts were posted and deposited timely.
- (4) There was no reconciliation of the cafeteria account by another employee to ensure all monies were posted and deposited properly.

These weaknesses resulted in untimely posting and depositing of cafeteria receipts and the lack of supervision and reconciliation allowed for the cafeteria account to have a cash deficit of \$9,829.62.

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 and City Hospitals, Chapter 1)

DEPOSIT OF MONEY

The Hospital did not always deposit money received for daily cafeteria collections in a timely manner. Instances were noted where cafeteria receipts were not deposited until up to two months after collections were remitted to the Hospital business office by the cafeteria.

IC 16-22-3-16 states: "Money in the hospital funds shall be deposited in the manner determined by the governing board."

To provide for adequate safeguarding of cash, receipts should be deposited in the depository or depositories designated by the governing board in a timely manner. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 9)

GREENE COUNTY GENERAL HOSPITAL
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

There were instances noted in which receipts were not being issued by the business office cashier when the cafeteria remitted the daily collections to the business office. A receipt would not be issued by a business office cashier until the receipt was posted to the ledger and that was up to two months later in many instances. The business office cashier would return the receipt with the attached daily collection sheet from the cafeteria back to the cafeteria when the transaction was posted and the receipt was written.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

TIMELY RECORDKEEPING

Some cafeteria collections were not posted to the hospital general ledger in a timely manner. There were instances of up to two months passing, from the date of collections for cafeteria sales until entry on the Hospital's general ledger.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

RECORDS RETENTION

Numerous original daily collection sheets for cafeteria sales from the months of August 2009 through October 2009 were not presented for audit by the business office cashier, who was the person responsible for posting cafeteria receipts to the Hospital ledger. Without these sheets, it was impossible to reconcile daily cafeteria collections to what was posted to the Hospital ledger.

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

No financial records or records relating thereto are to be destroyed until the audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 3)

GREENE COUNTY GENERAL HOSPITAL
GREENE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CASH NECESSARY TO BALANCE

Daily cash collections for cafeteria sales, from January 1, 2009 to October 27, 2009, were compared with the amounts posted to the Hospital general ledger in the cafeteria funds over the same time period. As of October 27, 2009, there was cash necessary to balance the cafeteria funds to the general ledger of \$9,829.62. There were numerous days during the months of August, September and October where cafeteria receipts were turned into the business office, but they were not posted or deposited to the bank as of October 27, 2009.

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 and City Hospitals, Chapter 1)

AUDIT COSTS - MISSING FUNDS

The State of Indiana incurred additional audit costs in the investigation of missing funds of the Greene County General Hospital cafeteria account.

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 1)

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Employee Blanket Bond; Ohio Farmers Insurance Company; Policy No. CBP 4 215 296; Policy Period - January 1, 2008 to January 1, 2011; Total Coverage Per Insured Event - \$10,000.

IC 16-22-2-9(c) states:

"The executive director and all persons whose duty it is to handle funds of the hospital must execute a corporate surety bond in the amount and with conditions required by the board. If a treasurer is elected by the board, the treasurer shall be separately bonded in an amount fixed by the board but not less than \$25,000. The board may elect an assistant treasurer who may not be a member of the board and who must be separately bonded in an amount fixed by the board greater than \$25,000. The bond on all persons except the treasurer and assistant treasurer may be a blanket corporate surety bond conditioned for the faithful performance of duties. All bonds required by this subsection must be approved by the board and filed with the county recorder. (IC 16-22-2-9(c). (Accounting and Uniform Compliance Guidelines Manual for County and City Hospitals, Chapter 9)

GREENE COUNTY GENERAL HOSPITAL
GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 27, 2010, with Jonas S. Uland, Chief Executive Officer; Timothy W. Norris, Treasurer; and Ronald J. Hamilton, Assistant Treasurer. The official response has been made a part of this report and may be found on page 8.



GREENE COUNTY GENERAL

LONE TREE ROAD LINTON, INDIANA

May 27, 2010

Mr. Bruce Hartman, State Examiner
State Board of Accounts
302 W. Washington St., Rm. E418
Indianapolis, IN 46204

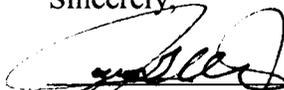
Dear Mr. Hartman,

Let us start by stating we appreciate the assistance provided by your agency. The professionalism of the individual performing this audit should be recognized and we are grateful for his help during the course of this audit. We have always enjoyed a good working relationship with the State Board of Account and look forward to continued mutual cooperation.

We concur with the comments contained in this audit report. It should be noted that internal controls were in place to hopefully prevent disappearance of funds but some employees chose to ignore, or were not aware of, these controls. We have initiated additional control procedures, determined that all employees concerned have been informed of these procedures, and are monitoring adherence of all controls more closely.

Again, thank you for your assistance us during this unfortunate time.

Sincerely,


Jonas S. Uland, Executive Director


Timothy W. Norris, Treasurer


Ronald J. Hamilton, Asst. Treasurer