

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

EXAMINATION REPORT
OF
COUNTY TREASURER
JENNINGS COUNTY, INDIANA
January 1, 2009 to December 31, 2009



FILED

11/15/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sandra L. Vance	01-01-09 to 12-31-12
President of the County Council	Edward L. Maschino Howard Malcomb	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	Jeffrey S. Day	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JENNINGS COUNTY

We have examined 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Jennings County for the year 2009.

STATE BOARD OF ACCOUNTS

August 25, 2010

COUNTY TREASURER
JENNINGS COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies relating to recordkeeping were present during our period of examination:

Failure to Perform Bank Reconcilements

The County Treasurer did not prepare completed bank reconcilements between record balances of cash and investments and net depository balances (depository balance adjusted for outstanding checks and other reconciling items) during the year 2009.

The calculated net bank balance exceeded the record balance of cash in the amount of \$6,995 at December 31, 2009, based on records presented for examination. However, unless completed monthly bank reconcilements are performed, the accuracy of outstanding checklists and the identification of errors and other reconciling items cannot be verified.

IC 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 Treasurers, Chapter 10)

Old Outstanding Warrants

A review of the outstanding warrants as of December 31, 2009, revealed warrants outstanding in excess of two years. There were 36 warrants dating back to the year 2006 totaling \$5,243.50.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

IC 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board: (1) of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

COUNTY TREASURER
JENNINGS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

IC 5-11-10.5-5(a) states:

"Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks."

Failure to Reconcile Cash Book to Funds Ledger

The Treasurer is required to reconcile monthly the Daily Balance of Cash and Depositories (Form 47), commonly referred to as the "Cash Book", with the Funds Ledger (Form 24B). The Cash Book summarizes the daily financial activity and cash balances of all the funds recorded in the Funds Ledger. We noted that the Funds Ledger cash balance exceeded the Cash Book balance by \$445.42 at December 31, 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 Treasurers, Chapter 10)

Officials 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 Treasurers, Chapter 10)

Interest Earned Not Recorded

Interest earned on depository accounts was not being recorded in the records on a monthly basis. The Treasurer had not recorded or informed the County Auditor of interest earned for the period December 2008 through December 2009. As of December 31, 2009, bank interest in the amount of \$15,000 had not been recorded in either the County Auditor's or the Treasurer's financial records.

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 Treasurers, Chapter 10)

Monthly Financial Reports Not Prepared

The County Treasurer's Monthly Financial Reports (Form 47TR) were not prepared during the year 2009.

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

COUNTY TREASURER
JENNINGS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. [IC 36-2-9-11 and 36-2-10-16]

(Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 4)

Officials 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 Treasurers, Chapter 10)

REVIEW OF RECORDS TO DATE

On August 8, 2010, a review of records to date showed the following:

1. The Treasurer had not closed out the financial records for the year 2009 as of August 1, 2010. This allows for entries to be made to year 2009 financial activity in the year 2010. The financial records for the year should be closed out timely for reporting and internal control purposes. Any errors subsequently identified and associated with the year 2009 should be recorded as an adjustment to the year 2010 financial activity.

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 Record Law. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

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, Chapter 10)

COUNTY TREASURER
JENNINGS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. No Monthly Financial Statements (Form 61) were prepared.

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 4)

Officials 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 Treasurers, Chapter 10)

3. No monthly bank reconcilements were prepared.

IC 5-13-6-1(c) states in part: "...all local officers . . . who collect public funds . . . shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

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 Treasurers, Chapter 10)

4. No entries had been made to the Daily Balance of Cash and Depositories (Form 47).

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 Record Law. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

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5. The Monthly Financial Report (Form 47TR) has not been prepared for 2010.

Officials 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 Treasurers, Chapter 10)

COUNTY TREASURER
JENNINGS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 25, 2010, with Sandra L. Vance, Treasurer; and Sheila R. Porter, Chief Deputy Treasurer.