

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

AUDIT REPORT

OF

COUNTY TREASURER

LAPORTE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED

01/04/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy Hawkins	01-01-09 to 12-31-12
President of the County Council	Mark Yagelski	01-01-09 to 12-31-10
President of the Board of County Commissioners	Barbara Huston	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAPORTE 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 LaPorte County for the year 2009.

STATE BOARD OF ACCOUNTS

August 17, 2010

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

RECORD INFORMATION

The following items were noted with the keeping of records by the Treasurer's office:

1. Interest earned is reduced by the monthly service charge before it is posted to the records. Therefore, interest earned is understated and the services charges are never recorded.
2. Interest earned, service charges, deposit corrections, and other reconciling items were not recorded timely. The December 31, 2009, depository reconciliation included adjusting items from April through December, 2009.
3. Electronic funds transfers (EFT's) were not receipted or recorded timely. EFT's reported on the August, October, and November depository statements had not been receipted or recorded as of December 31, 2009.

As a result of the above, there was net unidentified cash necessary to balance of \$90,522.18 at December 31, 2009. After an error correction in January 2010, there was net unidentified cash long of \$82,341.35 at January 31, 2010. Audit adjustments corrected \$81,676.99 of this difference.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

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 Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

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 of Indiana, Chapter 10)

DEPOSITS

As stated in the prior Report B35202, innkeeper tax receipts were deposited later than the next business day. The Treasurer accumulates and deposits innkeeper taxes once or twice per month instead of receipting and depositing them as they are received.

IC 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions 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. . . ."

COUNTY TREASURER
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PRESCRIBED FORMS

The Treasurer uses receipts that are not prenumbered and are not prescribed forms. For non-sufficient funds (NSF) check repayments and the related fee, a copy of the NSF notification letter is stamped "paid." Receipts are issued for other items such as bill fees, mobile home permits, information sheets and search fees; however, the receipts issued are not prenumbered and they are not prescribed forms.

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 Treasurer, 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 County Treasurer, Chapter 10)

INTERNAL CONTROLS - PROPERTY TAX NON-SUFFICIENT FUNDS CHECKS

Internal controls over the recovery of non-sufficient funds (NSF) checks were not adequate. The uncollected NSF checks, including checks from December 2007 to the present, are maintained on a spreadsheet and carried as reconciling items on the depository reconcilements. These amounts have not been added back to the property owner's tax liability. Since the taxpayer's records show that the taxes have been paid, repayments are not recorded. In addition, if a property is sold between the date of the payment with an NSF check and the date that the amount is added back to the property owner's tax liability, the amount cannot be added back and must be written off resulting in lost tax revenue.

An extended effort shall be made by the treasurer to recover funds from checks returned by the depositories as uncollectible. During the process of collecting, the return checks shall be carried as a cash item and the duplicate so noted. When it is determined that the returned item is uncollectible, the treasurer shall attach all related documents to a regular claim to be presented to the board of county commissioners, with an explanation. Upon the commissioners' approval of payment from the general fund, without appropriation, the county warrant is placed in the cash drawer to replace the uncollectible item and deposited as other checks. The amount of tax shall be recharged on the proper duplicate. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

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 Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2010, with Nancy Hawkins, Treasurer, and Mike Mauer, Chief Deputy Treasurer. The officials concurred with our audit findings.