

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

AUDIT REPORT

OF

COUNTY AUDITOR

SHELBY COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED

08/15/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Amy L. Glackman	01-01-07 to 12-31-14
President of the County Council	Terry Smith Tom Debaun	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of County Commissioners	Tony Newton	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SHELBY COUNTY

We have audited the records of the County Auditor for the period from January 1, 2010 to December 31, 2010, 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 Result(s) and Comment(s). The financial transactions of this office are reflected in the Annual Report of Shelby County for the year 2010.

STATE BOARD OF ACCOUNTS

July 13, 2011

COUNTY AUDITOR
SHELBY COUNTY
RESULT(S) AND COMMENT(S)

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Local Road and Street	2010	\$ 234,473
Motor Vehicle Highway Fund	2010	463,013
Cumulative Capital Development	2010	42,550

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CAPITAL ASSETS

Information presented for audit did not indicate an inventory for 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, Chapter 14)

OVERDRAWN FUND BALANCES

The following funds were overdrawn in 2010:

Fund	2010
Cumulative Capital Development	\$ 256,818
Cum Courthouse	52,011
PTRC 2008 Distribution	142
Youth Substance Abuse Prevention	7,914
Drug Free Coalition	12,028
TSF Drug Free Coalition	9,292
Victim Assistance	15,874
Victim Assist 2	31,981
Juvenile Intensive Sp	241
Adult Protective Services 2	49,603
2008 Citizen Corps Program	2,578
Community Corrections Juvenile Fund	2,250
Homeland Security Computer Grant	7
Tax Sale Redemption	197,071
Settlement Fund	4,252

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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)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

All claims did not have Board approval. Claims that were paid in advance of the Commissioners claim approval, such as utilities, travel, and election workers, were not included in the claims dockets signed by the County Commissioners.

Indiana Code 5-11-10-1.6(c) states:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

ANNUAL REPORT

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

The Annual Report filed was materially misstated due to the omission of the departmental activities of the County Treasurer, County Clerk, and County Sheriff.

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 Auditors, Chapter 14)

INTERNAL CONTROLS OVER PAYROLL WITHHOLDINGS

As reported in the previous audit report of the County, the detail of payroll withholdings reconciles to the payroll withholding control balance as of December 31, 2010. However, the individual withholding funds are not being reconciled. At December 31, 2010, the account balances of the Due To Federal Withholding, Due to Deferred Compensation, Due to Insurance, and Due to Employee Funds had

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insufficient balances of \$2,138.73, \$2,269.29, \$12,497.89, and \$66.96, respectively, to make the required remittances due in January 2011. Furthermore, the Social Security, Public Employee Retirement Fund (PERF), and Due to Legal Service Funds contained posting errors resulting in the account balances being overstated by \$46,725.52, \$35,496.48, and understated by \$880.55, respectively.

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 Auditors of Indiana, Chapter 14)

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EXIT CONFERENCE

The contents of this report were discussed on July 13, 2011, with Amy L. Glackman, Auditor; Tom Debaun, President of the County Council; and Tony Newton, President of the Board of County Commissioners. The officials concurred with our audit findings.