

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

AUDIT REPORT

OF

COUNTY TREASURER

MADISON COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED

10/07/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Darlene Likens Kelly Gaskill	01-01-06 to 12-31-10 01-01-11 to 12-31-14
President of the County Council	William Savage Larry Crenshaw	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of County Commissioners	Paul Wilson John Richwine	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MADISON COUNTY

We have audited the records of the County Treasurer 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Madison County for the year 2010.

STATE BOARD OF ACCOUNTS

September 15, 2011

COUNTY TREASURER
MADISON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER TAX COLLECTIONS

During 2010, controls were not in place in the Treasurer's office which would require tellers to post and deposit collections daily. Tellers were permitted to use a "Paid" stamp with the Treasurer's seal to stamp a taxpayer's copy of the tax bill and then leave unprocessed payments in a bin to be validated and posted at a later date. This stamp was used if there were multiple parcels for one customer or if the lines were long to expedite the payment process. During the day, the bin, containing unprocessed collections, was located beside the teller and was accessible to any other employee in the office and at times might have been accessible to individuals standing at the counter. At night, the bins were locked in the vault. Collections could have remained unprocessed and undeposited for several weeks. When a payment was processed, it was posted to the taxpayer's account, a validation stamp was printed on the Treasurer's copy of the tax bill, and the collection was included in the deposit with all other payments processed on that day.

Due to a lack of proper controls over tax collections, at least one instance was identified where a taxpayer made a payment on July 6, 2010, but the payment was not posted to the taxpayer's account or deposited. As a result, the taxpayer received a delinquent notice. The taxpayer then provided the Treasurer's office with a receipt as proof of payment. Upon research of the payment by the Treasurer's office, a check from the taxpayer was found in an unrelated file, and the money was posted and deposited on August 23, 2011.

Indiana Code 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 . . ."

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 of Indiana, Chapter 12)

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 of Indiana, Chapter 11)

COUNTY TREASURER
MADISON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECONCILEMENT OF DEPOSITS

Reconcilements of deposits to postings were not always performed for tax collections. During 2010, there were 145 days where the collections did not agree to receipt postings and the differences were posted to the Cash Long/Short line in the Treasurer's Cash Book. The net amount for these differences for 2010 was cash long of \$914.

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 11)

OUTPUT CONTROLS

The "Tax Payment History" reports printed by the tax collection and settlement software in use by the Treasurer's office did not always agree to each other. Collections on the "Journal By Batch" report did not agree to collections on the "Journal By Day" report. Often, payments on the payment history screens for individual taxpayers were shown as posted to the customer's account; however, \$0 will be shown under "Amount Available." The amount available function is used in determining settlement. It is unclear why this error occurred.

The computerized accounting system must incorporate features that assure all accounting information is reported accurately and completely. Output reports must have appropriate subtotals to allow reconciliation of reports within the system and reconciliation to external documentation. (Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 11)

PRESCRIBED FORMS – TREASURER'S OFFICE

The Treasurer's Monthly Report, Form 47-TR was not prepared for 11 out of 12 months in 2010.

Also, tax duplicates were not available for audit in either electronic or printed form. Currently, the collection and settlement software system in the Treasurer's office does not contain an application for generating tax duplicates.

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 of Indiana, Chapter 1)

COUNTY TREASURER
MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2011, with Kelly Gaskill, Treasurer; Darlene Likens, former Treasurer; and John Richwine, President of the Board of County Commissioners. The officials concurred with our audit findings.