

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

AUDIT REPORT

OF

COUNTY ANIMAL SHELTER

PORTER COUNTY, INDIANA

January 1, 2010 to June 13, 2011



FILED

10/20/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Judith L. Bonaventura	01-01-10 to 12-31-11
President of the County Council	Daniel Whitten	01-01-10 to 12-31-11
President of the Board of County Commissioners	Robert Harper John Evans	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 PORTER COUNTY

We have audited the records of the County Animal Shelter for the period from January 1, 2010 to June 13, 2011, 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 Porter County for the year 2010.

STATE BOARD OF ACCOUNTS

June 23, 2011

COUNTY ANIMAL SHELTER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

The Animal Shelter charges fees for adoption of animals and reclamation of found animals. Dog adoption is \$70, cat adoption is \$35, and reclamation is \$25 per incident. Receipts used by the Animal Shelter are prenumbered with triplicate copies. When a receipt is issued, one copy is given to the customer; the other two copies remain in the receipt book until the Director completes the "Report of Collections" report. The Director completes the "Report of Collections" for remittance to the County Auditor. The pink copy of the receipt from the receipt book is attached to the "Report of Collections" which is remitted to the County Auditor with the money collected. The report of collections is completed using copies of receipts and the amount of cash in the lockbox.

We reviewed the Reports of Collections for 2010 and January 1, 2011 through June 13, 2011. We found that the Animal Shelter could not account for all the prenumbered receipts. We compiled a list of numbered receipts and traced them to receipt books at the Animal Shelter. We found instances that the receipts had been voided and the three copies of the receipt were intact. However, four receipts had not been voided and, therefore, should have been remitted to the County Auditor. These receipts not deposited are:

<u>Receipt Number</u>	<u>Date</u>	<u>Amount</u>
5214	04-12-10	\$ 50
5261	05-17-10	70
28930	06-08-10	35
28931	06-08-10	<u>35</u>
Total		<u>\$ 190</u>

One receipt book used for adoption fees containing receipt numbers 5050 through 5100; was not presented for audit. "Report of Collections" on hand at the County Auditor's office contained receipts from this book. All receipts in this book, except for numbers 5068, 5069, 5070, and numbers 5093 through 5100 were attached to "Report of Collections." These 11 receipts were not available for audit and we could not determine if these receipts had been deposited.

In reviewing the composition of all Animal Shelter deposits remitted to the County Auditor on the "Report of Collections" for the period January 1, 2010 to June 8, 2011, there were 29 deposits that did not have enough cash in the deposit, based on the designation of cash, check, or money order on the receipts attached to the "Report of Collection." These deposits had additional checks that could not be traced to a receipt on the corresponding "Report of Collection." Hence a check had been received for payment and a receipt was not written. The check was placed in the deposit and cash removed. The following table is the amount of checks substituted for cash:

COUNTY ANIMAL SHELTER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Type of Collection	Number of Deposits	2010		2011	
		Amount	Number of Deposits	Amount	
Donations (Fund 52)	7	\$ 260.00	3	\$ 397.19	
Adoption Fees (Fund 334)	16	1,070.00	3	105.00	
Totals	23	<u>\$ 1,330.00</u>	6	<u>\$ 502.19</u>	

The Director of the Animal Shelter is responsible for the collections at the Animal Shelter; therefore, we requested that Judith L. Bonaventura, Director, remit restitution to the County Animal Shelter in the amount of \$2,022.19, (\$190.00 + \$1,330.00 + \$502.19) for the receipts that were not deposited. (See Summary, page 10)

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 Counties of Indiana, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

ANIMAL SHELTER DONATIONS

During a cash count on June 9, 2011, it was noted that controls over the cash donation jar at the shelter are inadequate. The Director instructs staff members to remove dollar bills from the jar before leaving for the evening and store the bills with other collections. A receipt is not written at this time for the donations removed from the jar. No other accounting is maintained for this activity. When the drawer is balanced and the "Report of Collections" is prepared, the additional money in the drawer is considered to be the donations from the jar on the counter. A receipt for the donations in the jar is written at the time the report of collections is prepared. This procedure does not allow for a true accounting of the donations received in the jar at the shelter.

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.

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.

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 Counties of Indiana, Chapter 1)

COUNTY ANIMAL SHELTER
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT COMPOSITION

The Animal Shelter receipts were not deposited intact. In addition, a large number of deposits contained one or more receipts that were not properly marked as to the composition (cash, check, or money order). 21 percent of the Donation deposits (Fund 52) and 72 percent of the Adoption Fee deposits (Fund 334); had one or more receipts attached to the "Report of Collection" which were not properly marked as to the composition.

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 Counties of Indiana, Chapter 1)

Indiana Code 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository.

The statute also provides public funds deposited shall be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision must be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 6)

EMPLOYEE BONDS

The County did not have an employee dishonesty crime insurance policy for coverage for employees that handle cash, until September 7, 2010. The crime insurance policy covering employees is in the amount of \$50,000 per employee from Auto-Owners Insurance Company.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following city . . . officers and employees shall file an individual surety bond: . . . (3) Auditors, treasurers, recorders, surveyors, sheriffs, coroners, assessors, and clerks. . . (5) Those employees directed to file an individual bond by the fiscal body of a city, town or county.

(b) The fiscal body of a city, town, county or township may by ordinance, authorize the purchase of a blanket bond or crime insurance policy . . . to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit including those officers described in subsection (a)."

COUNTY ANIMAL SHELTER
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2011, with Judith L. Bonaventura, Director; Gwenn R. Rinkenberger, Porter County Attorney; and John Evans, President of the Board of County Commissioners. The official response has been made a part of this report and may be found on pages 8 and 9.

**PORTER COUNTY BOARD OF COMMISSIONERS
ANIMAL SHELTER AUDIT RESULTS AND COMMENTS
2011**

RECEIPTS NOT DEPOSITED

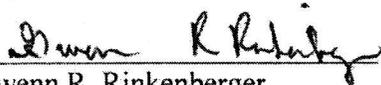
COMMENT: The Porter County Board of Commissioners is in receipt of the audit report as it relates to receipts not deposited for Porter County Animal Shelter Fees for Adoption and Reclamation. As a result of the audit, the Porter County Board of Commissioners is doing the following:

1. The Porter County Board of Commissioners have referred this matter to the Porter County Sheriff's Department and Brian Gensel, Porter County Prosecutor for investigation. Attached to this comment is a copy of a letter dated July 7, 2011, along with Exhibits A through E, which have been forwarded to the Porter County Sheriff and the Prosecutor as it relates to this matter;
2. The Porter County Board of Commissioners have retained Sharon Mortensen, a Certified Public Accountant, to review the procedures being utilized at the Animal Shelter and advise the Porter County Board of Commissioners on a procedure that can be implemented which will safeguard against the issues identified in the audit report;
3. Although there is no direct evidence that the Director is responsible for taking the funds missing from the Animal Shelter in the 2010 audit (for 2009) and the 2011 audit (for 2010), the Porter County Board of Commissioners understand that the Director of the Animal Shelter is responsible for making sure the accounting procedures utilized at the Shelter are followed in such a manner that funds cannot be stolen. The Commissioners acknowledge that corrective action was not taken by the Director after the 2010 audit for 2009 resulting in additional discrepancies. Action will be taken to remove the Director from the current position;
4. As a result of the 2010 audit (for 2009) the Porter County Board of Commissioners do have a bond to cover our department heads in a situation such as this. The Porter County Board of Commissioners approved a Blanket Employee Dishonesty Bond in the amount of \$50,000.00 effective September 7, 2010.

ANIMAL SHELTER DONATIONS

COMMENT: The Porter County Board of Commissioners is aware of the problem with controls of the cash donation jar at the Animal Shelter and with the assistance of Sharon Mortensen, CPA, will devise a control for receipting, disbursing, recording and accounting for those deposits.

Respectfully submitted,


Gwenn R. Rinkenberger
Porter County Attorney

GRR/vw

cc: John A. Evans
Nancy A. Adams
Carole M. Knoblock

July 13, 2011

COUNTY ANIMAL SHELTER
PORTER COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Judith L. Bonaventura, Director: Receipts Not Deposited, pages 4 and 5	<u>\$ 2,022.19</u>	<u>\$ -</u>	<u>\$ 2,022.19</u>

AFFIDAVIT

STATE OF INDIANA)
Porter COUNTY))

I, Jane E. Elder, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the County Animal Shelter, Porter County, Indiana, for the period from January 1, 2010 to June 13, 2011, is true and correct to the best of my knowledge and belief.

Jane E. Elder
Field Examiner

Subscribed and sworn to before me this 11th day of October, 2011

Kathryn A. Kozuszek
Notary Public

My Commission Expires: 2/14/15
County of Residence: Porter

