

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

AUDIT REPORT

OF

COUNTY TREASURER

BROWN COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/27/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Result and Comment: Internal Controls Over Financial Transactions and Reporting	4
Exit Conference.....	5

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Joe Wray	01-01-09 to 12-31-12
President of the County Council	David Critser	01-01-11 to 12-31-12
President of the Board of County Commissioners	Mary Fouch John Kennard	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BROWN COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2011 to December 31, 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of Brown County for the year 2011.

STATE BOARD OF ACCOUNTS

August 15, 2012

COUNTY TREASURER
BROWN COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the County Treasurer's office related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

The failure to establish and maintain internal controls could enable material misstatements or irregularities to be undetected.

Controls are not in place to ensure the balance per bank accounts reconciled with the Treasurer's Cash Book. The bank reconciliations consisted of automated software printouts and calculator tapes with various reconciling amounts for each separate bank account. The calculator tapes included various amounts including interest not yet posted to the books, and other reconciling items. The software printouts were reconciled to the bank statements. This reconciliation was prepared by an employee in the Treasurer's office. The software printouts were not reconciled to the Treasurer's Cash Book. Also, no combined bank reconciliation worksheet was completed, which would have enabled the Treasurer's staff to more readily determine whether the bank reconciliations and the Treasurer's Cash Book actually balanced. The County Treasurer does not review or approve the bank reconciliation.

As of December 31, 2011, we found cash necessary to balance of \$30,481.98 based on the combined bank reconciliation to the Treasurer's Cash Book prepared by the State Board of Accounts.

A comparison report is being done monthly between the County Auditor and County Treasurer with differences noted. No effort has been made to identify and correct these differences.

The amount of the funds ledger balance on the County Treasurer's cash book used for reconciliation does not agree to the total fund balance from the County Auditor's ledger.

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 County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2012, with Joe Wray, Treasurer; David Critser, President of the County Council; and John Kennard, President of the Board of County Commissioners.