

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

AUDIT REPORT

OF

COUNTY AUDITOR

TIPPECANOE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
08/27/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jennifer Weston	01-01-07 to 12-31-14
President of the County Council	Andrew S. Gutwein Roland K. Winger	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	David S. Byers Thomas P. Murtaugh	01-01-11 to 12-31-11 01-01-12 to 12-31-12



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TO: THE OFFICIALS OF TIPPECANOE COUNTY

We have audited the records of the County Auditor 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Tippecanoe County for the year 2011.

STATE BOARD OF ACCOUNTS

June 25, 2012

COUNTY AUDITOR
TIPPECANOE COUNTY
AUDIT RESULTS AND COMMENTS

PRESCRIBED FORMS - PAYROLL TIMESHEETS

As previously reported in Report B38977, numerous errors were noted in the preparation and verification of timesheets by the employees and their supervisors. Three of thirty-one time sheets tested were signed by the Supervisor prior to the completion of the pay period and one was signed by the employee prior to completion of the pay period. One timesheet was dated 18 days after the end of the pay period which was 11 days after the pay check had been issued. One timesheet was not signed by the employee. In addition six of thirty-one timesheets tested were not totaled.

All of the noted errors involved Sheriff Department employees except for one Community Corrections timesheet which was dated and signed by both the supervisor and the employee prior to the last day worked for the pay period.

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 of Indiana, Chapter 14)

INTERNAL CONTROLS - PAYROLL

The HTE payroll accounting system is considered the official County record and is used by the County in lieu of prescribed form 99A Employee's Service Record and form 99B Employee's Earnings Record. The County accounts for payroll transactions and tracks compensatory time and leave time benefits within the HTE accounting system. Nine of thirty-six records tested did not properly account for compensatory time and/or leave time benefits used within the HTE system.

The County's computerized payroll system (HTE) does not have the capability to limit access to the employees' service records. The payroll clerks in each department have the ability to not only enter leave time earned and used but also to adjust those records at any time. Proper internal control dictates that only those in the payroll department under the control of the County Auditor should have the ability to adjust the service records. In lieu of system controls, the County should establish a policy that precludes the departmental payroll clerks from making adjustments to service records.

The automated timekeeping system, Time Force, allows an employee to log in or out via cell phone. The system does not allow this capability to be restricted. We recommend that the County have a policy, to be strictly enforced, defining exactly which employees would be allowed to use this method to clock in and out and under what circumstances. The policy should also make clear the discipline that would result if the policy was ignored or overridden.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

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 Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
TIPPECANOE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

Interest totaling \$6.44 was paid to the Internal Revenue Service on May 5, 2011, for the period of June 2010, due to an underpayment of Form 941 taxes. Penalty of \$4,605.15 was paid to the Internal Revenue Service on August 22, 2011, for the period of June 2011, due to the late payment of Form 941 taxes.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ANNUAL REPORT

The County filed an annual report with the State Board of Accounts on March 26, 2012, which is not within 60 days after the close of the fiscal year as required by law.

Indiana Code 5-11-1-4 (a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

OVERDRAWN FUND BALANCES

The Settlement Fund, the Jaibg Show Cap Grant 602/605 Fund, the In Law Enforc Asst Grant, and the Odp '04 Fund were overdrawn at December 31, 2011.

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 of Indiana, Chapter 14)

COUNTY AUDITOR
TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 25, 2012, with Thomas P. Murtaugh, President of the Board of County Commissioners; Roland K. Winger, President of the County Council; and Dawn Rivera, Deputy Auditor. The officials indicated that they would be responding to the report but no officials response was received.