

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

AUDIT REPORT

OF

COUNTY TREASURER

JASPER COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/04/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carla Anderson	01-01-09 to 12-31-12
President of the County Council	Ronald Sipkema	01-01-11 to 12-31-12
President of the Board of County Commissioners	Kendell Culp	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JASPER 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Jasper County for the year 2011.

STATE BOARD OF ACCOUNTS

May 31, 2012

COUNTY TREASURER
JASPER COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. **Lack of Segregation of Duties:** Control activities should be selected and developed at various levels of the County to reduce risks to achievement of financial reporting objectives. The County has not separated incompatible activities related to cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to undetected.
2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks should be managed. The County has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the County Commissioners to monitor and assess the quality of the County's system of internal control. The County Commissioners have not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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)

LICENSE VEHICLE EXCISE FUND

The License Vehicle Excise Fund did not reconcile with the end of day reports provided by the Bureau of Motor Vehicles on December 31, 2011. There were 2 posting errors that prevented the reconciliation from working. The errors were as follows:

COUNTY TREASURER
JASPER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

1. On October 31, 2011, a disbursement was posted to the Treasurer's cash book in the Vehicle License Excise fund for \$27,432.61. No corresponding quietus was posted to the auditors fund ledger for this amount.
2. \$444.59 posted to the fund ledger could not be found on the end of the day reports from the Bureau of Motor Vehicles from the time of December settlement until the end of the year.

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, Chapter 10)

SURPLUS TAX FUND - UNCLAIMED FUNDS - OVER 3 YEARS

As of December 31, 2011, the County had unclaimed funds of \$85,922 in the surplus tax fund that had been held for more than three years. The County Treasurer has not issued written notice of the overpayment to the taxpayer as required by Indiana Code 6-1.1-26-6(d).

Indiana Code 6-1.1-26-6(c) states:

"If an excess payment is not claimed within the three (3) year period after November 10 of the year in which the payment was made and the county treasurer has given the written notice required under subsection (d), the county auditor shall transfer the excess from the surplus tax fund into the general fund of the county. If the county treasurer has given written notice concerning the excess under subsection (d), the excess may not be refunded under subsection (a) after the expiration of that three (3) year time period."

Indiana Code 6-1.1-26-6(d) states in part: "Not later than forty-five (45) days after receiving the notification from the county auditor under subsection (b), the county treasurer shall give the taxpayer who made the excess payment written notice that the taxpayer may be entitled to a refund."

COUNTY TREASURER
JASPER COUNTY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2012, with Carla Anderson, Treasurer, and Kendell Culp, President of the Board of County Commissioners. The officials concurred with our audit findings.