

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

AUDIT REPORT

OF

COUNTY AUDITOR

DEARBORN 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>
Auditor	Gayle L. Pennington	01-01-11 to 12-31-14
President of the County Council	Dennis A. Kraus, Sr.	01-01-11 to 12-31-12
President of the Board of County Commissioners	Jeffrey Hughes	01-01-11 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DEARBORN 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 Dearborn County for the year 2011.

STATE BOARD OF ACCOUNTS

July 3, 2012

COUNTY AUDITOR  
DEARBORN COUNTY  
AUDIT RESULTS AND COMMENTS

***CERTIFICATION FOR TIME WORKED AND PAID DAYS OFF***

The Payroll Schedule and Voucher (Form 99) was not in use. The County office holders and department heads used a nonapproved payroll form titled "Attendance Worksheet" (payroll worksheet) to submit their employees' time worked and/or time off to the County Auditor. The payroll worksheet was used as the basis for processing payroll checks. Time worked (days or hours) and paid time off (i.e., vacation or sick) were not reported properly on the payroll worksheet. The payroll worksheet reported the total number of days or hours being compensated (i.e., 10 days or 80 hours) for the pay period. The payroll worksheet did not provide a separate reporting of hours worked and paid time off. The detail of days or hours worked and paid days or hours off are maintained by the individual office holders or department holders.

The Payroll Schedule and Voucher (Form 99), a prescribed form, requires the elected office holder and/or heads of the departments to separately report the time worked and the time off during the payroll period for each employee under their supervision. The information is required to establish the validity of payroll payments made and is an integral part of the County's internal controls over payroll payments.

Indiana Code 5-11-9-2 states in part: ". . . all accounts or vouchers of any political subdivision of the state for personal services of officers and employees shall be made in such form as may be prescribed by the state board of accounts."

Governmental units should have 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. (Accounting and Uniform Compliance Guidelines Manual for County Auditor's, Chapter 14)

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)

COUNTY AUDITOR  
DEARBORN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***PAYROLL TIME WORKED CERTIFIED IN ADVANCE***

As discussed in the comment titled "Certification for Time Worked and Paid Days Off," Attendance Worksheets (payroll worksheet) were used by elected officials and department heads to submit their employees' time worked and paid time off to the County Auditor. The worksheet was used as the basis for processing payroll checks.

A review of the payroll worksheets showed that office holders and department heads were submitting the worksheets up to ten days prior to the end of the pay period. As a result, office holders and/or department heads were certifying and dating the payroll worksheets prior to having documentation and knowledge of an employee's time work and time off status.

The Payroll Schedule and Voucher (Form 99), a prescribed form, requires the elected office holder and/or head of the department to certify that each employee had performed the services during the entire payroll period. The information is required to establish the validity of payroll payments made and is an integral part of the County's internal controls over payroll payments.

Indiana Code 5-11-9-2 states in part: ". . . all accounts or vouchers of any political subdivision of the state for personal services of officers and employees shall be made in such form as may be prescribed by the state board of accounts."

Governmental units should have 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. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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COUNTY AUDITOR  
DEARBORN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 3, 2012, with Gayle L. Pennington, Auditor; Dennis A. Krauss, Sr., President of the County Council; and Jeffrey Hughes, President of the Board of County Commissioners.