

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

AUDIT REPORT

OF

COUNTY PROSECUTING ATTORNEY

SCOTT COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/06/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Condition of Records	4-5
Prosecutor's Investigation Fund	5
Arson Fund	6
Old Outstanding Checks (Warrants).....	6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Prosecuting Attorney	Jason M. Mount	01-01-11 to 12-31-14
President of the County Council	Mike Zollman Kelley Robbins	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	Larry Blevins Mark Hays	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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TO: THE OFFICIALS OF SCOTT COUNTY

We have audited the records of the Prosecuting Attorney 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 Scott County for the year 2011.

STATE BOARD OF ACCOUNTS

August 7, 2012

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

The Prosecuting Attorney's Office maintains a bad check fund. The bad check fund is comprised of two different funds titled the 2005 Bad Check Fund and the Old Bad Check Fund. The bad check fund represents monies collected by the Prosecuting Attorney's Office on behalf of local merchants for payment made by customers for which there were not sufficient funds in the customer's bank accounts to cover the checks issued. Deficiencies related to the financial records of the bad check fund, which were cited in prior audit reports for the years 2003 to 2010, were identified again as indicated below:

1. The beginning record balance for the 2005 Bad Check Fund differed from the ending balance as reported in the prior year. Information obtained per the prior audit, identified an ending balance at December 31, 2010, of \$10,972.99; however, the records presented for audit for 2011 showed a beginning balance brought forward for January 1, 2011, of \$12,116.70 for a difference of \$1,143.71. Officials could not provide an explanation for the difference.

Official 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)

2. Detail subsidiary records identifying to whom money is owed in the 2005 Bad Check Fund were not presented for reconciliation with the ledger balance at December 31, 2011; thus preventing proper identification to whom the money belongs and the amount.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledgers, and reconciled bank balances should agree. If the reconciled bank balance is less than the subsidiary record or control ledger, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

3. Collections were not always deposited timely for the 2005 Bad Check Fund. A review of receipts for the Bad Check Fund noted instances in which receipts were deposited up to 62 days after the issuance of the receipts.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository or depositories selected by the . . . local board of finance . . ."

Indiana Code 5-13-14-3, effective July 1, 2011, states in part:

"A public servant who knowingly or intentionally: . . . deposits . . . except in the manner prescribed in this article, commits a Class A misdemeanor. However, the offense is a Class D felony if the amount involved is at least seven hundred fifty dollars (\$750) and a Class C felony if the amount involved is at least fifty thousand dollars (\$50,000). The public servant also is liable upon the public servant's official bond for any loss or damage that may accrue."

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

4. Depository reconciliations of the record balances to the depository balances were not presented for audit for the 2005 Bad Check Fund and the Old Bad Check Fund.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

PROSECUTOR'S INVESTIGATION FUND

County ordinance 2008-08 established a Prosecutor's Investigation Petty Cash Fund in the amount of \$5,000. Monies in this fund are used to pay expenses related to investigations. The Prosecutor's office has established a separate bank account to account for the monies and issues checks to cover expenses. Claims are then submitted to the County Auditor to reimburse the fund for the expenditures. The following deficiencies were identified with financial records associated with this fund:

1. The Prosecutor's office did not maintain sufficient records documenting which claims had and had not been filed with the County for reimbursement. As a result we could not determine proper accountability of the fund.
2. Claims for reimbursement were not filed in a timely manner. A review of the disbursements made in the year 2011 identified disbursements totaling \$587.61 that had not been reimbursed as of June 2012. Disbursements made prior to January 1, 2011, totaling \$1,289.85 had not been reimbursed as of June 2012.
3. Monies received for reimbursement of expenditures from the County were not deposited timely into the Prosecutor's Investigation Petty Cash Fund. A check issued by the County on October 3, 2011, for reimbursement of expenditures was not deposited into the Prosecutor's Investigation Petty Cash Fund until December 15, 2011.
4. Improper amounts were claimed for reimbursement. A claim for reimbursement from the County was filed in the amount of \$2,450 on December 28, 2011, for an invoice in the amount of \$2,450 for court reporting. However, a review of the Prosecutor's records showed only \$2,000 was paid on the invoice with Prosecutor's check number 595 on December 19, 2011. The Prosecutor's office subsequently paid the balance due on the invoice and submitted another claim for reimbursement with the County on April 4, 2012, requesting reimbursement in the amount of \$450. This resulted in excess funds being claimed for reimbursement with the County in the amount of \$450.

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 controls. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ARSON FUND

County ordinance 2008-09 established an Arson Petty Cash Fund in the amount of \$2,000. Monies in the fund are to be used to pay for expense related to arson investigation. The Prosecutor's office has established a separate bank account for the monies and issues checks to cover expenses. Claims are then submitted to the County to reimburse the fund for the expenditures. The following deficiencies were identified with financial records associated with this fund:

1. No financial ledger was presented for audit identifying disbursements made from the fund and the related fund balance for reconciliation with the depository account.
2. A reconciliation of the depository account balance with the record balance was not performed.
3. Claims for reimbursement were not filed in a timely manner or for the proper amount. Information obtained from prior audits showed expenditures were made in the years 2008 through 2010 totaling \$586.60 which had not been filed for reimbursement with the County. In addition, in 2009 a claim for reimbursement in the amount of \$97.69 was filed twice, no action has been taken to correct the error.

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 controls. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OLD OUTSTANDING CHECKS (WARRANTS)

The Prosecutor's Office has two bad check funds, the 2005 Bad Check Fund and the Old Bad Check Fund. Our preparation of the bank reconciliations as of December 31, 2011, identified outstanding checks in excess of two years old. Outstanding checks in excess of two years old totaled \$875.34 and \$1,524.35 for the 2005 Bad Check Fund and the Old Bad Check Fund, respectively.

The Prosecutor should not allow checks to remain outstanding for an unreasonable length of time. Checks mailed and returned because of the inability of delivery to the payee or checks remaining in excess of two years should be receipted back into the cash book as an item of trust and reinstated in the register of trust in the name of the payee.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

A similar comment was included in prior years Report B38452 and B39233.

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2012, with Jason M. Mount, Prosecuting Attorney; Kelley Robbins, President of the County Council; and Mark Hays, President of the Board of County Commissioners.