

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

AUDIT REPORT

OF

COUNTY AUDITOR

JENNINGS COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/14/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Annual Financial Report	4
Compensation.....	4-5
Capital Assets.....	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Janice L. Ramey	01-01-11 to 12-31-14
President of the County Council	Howard L. Malcomb	01-01-11 to 12-31-12
President of the Board of County Commissioners	Jeffrey S. Day	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF JENNINGS 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 Jennings County for the year 2011.

STATE BOARD OF ACCOUNTS

August 15, 2012

COUNTY AUDITOR
JENNINGS COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The Annual Financial Report for Jennings County was not completed and submitted until April 30, 2012.

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."

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)

COMPENSATION

We noted the following deficiencies regarding the compensation paid to county employees:

1. No Salary Ordinance for the salaries and wages paid in the year 2011 was presented for audit. It has been the practice of the County to approve the salary and wages of the county employees based on the Statement of Salaries and Wages Proposed to be Paid Officers and Employees (Form 144) which are submitted by each County Official or Department Head. The Form 144's are approved by the County Council. The approved salary and wage amounts from the Form 144 are used in the annual budget determination.

Indiana Code 36-2-5-11(c) states in part:

"At its annual meeting under Indiana Code 36-2-3-7(b)(2), the county fiscal body shall consider the statements and recommendations submitted by the county executive under section 4(b) of this chapter and shall the adopt an ordinance, separate from those adopted under subsection (b), fixing:

- (1) the compensation of all officers, deputies and other employees subjected to this chapter . . . "

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
JENNINGS COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

2. Officeholders or department head were not submitting an amended Form 144 when they were requesting a change in employee compensation or changing the number of employees. The officeholder or department head would present their changes to the County Council during a scheduled meeting. The County Council would discuss the change and vote whether or not to approve it. Any decisions would be recorded in the County Council minutes.

Indiana Code 36-2-5-13(a) states in part:

". . . The compensation of other county officers, deputies, and employees or the number of each may be changed at any time on: (1) the application of the county fiscal body or the affected officer, department, commission, or agency; and (2) a majority of the county fiscal body."

To change the salaries of other officers, deputies, assistants and employees or the number of each, an amended Form 144 should be filed by the officer or department head, submitted to the county commissioners for renew and recommendations and then submitted to the county council for consideration. (The County Bulletin and Uniform Compliance Guidelines, October 2009)

3. For the payroll paid on December 21, 2011, only 18 of the 31 payroll claims submitted to the County Auditor were signed by the Official or Department Head certifying that each employee listed performed the services for which the salaries or compensation is paid.

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 Auditor of Indiana, Chapter 14)

CAPITAL ASSETS

Information presented for audit did not indicate that capital assets purchased or disposed by the County in 2011 were included in the Capital Asset records.

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 in Indiana, Chapter 14)

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
JENNINGS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2012, with Janice L. Ramey, Auditor; Jeffrey S. Day, President of the Board of County Commissioners; and Howard L. Malcomb, President of the County Council. The officials concurred with our audit findings.