

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

EXAMINATION REPORT  
OF  
COUNTY AUDITOR  
MARTIN COUNTY, INDIANA  
January 1, 2011 to December 31, 2011



**FILED**  
10/10/2012



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy J. Steiner	01-01-11 to 12-31-12
President of the County Council	C. Richard Summers	01-01-11 to 12-31-12
President of the Board of County Commissioners	Paul R. George	01-01-11 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MARTIN COUNTY

We have examined 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Martin County for the year 2011.

STATE BOARD OF ACCOUNTS

August 21, 2012

COUNTY AUDITOR  
MARTIN COUNTY  
EXAMINATION RESULTS AND COMMENTS

**TRAVEL POLICY**

The following deficiencies were noted during the review of travel claims:

1. A travel policy was not presented for audit.
2. We noted instances of reimbursement for hotel/motel room costs and meals paid only from a credit card statement with no itemized receipts attached.
3. We noted that travel reimbursement claims were not adequately itemized. Specifically the claims did not always indicate the nature of the business or the employees involved.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

A similar comment appeared in the prior report.

**ERRORS ON CLAIMS**

The following deficiencies were noted on claims during the audit period:

1. Claims were not adequately itemized.
2. All claims did not have board approval.
3. Sales tax was paid on some purchases.

Indiana Code 5-11-10-1.6(c) states:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;

COUNTY AUDITOR  
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EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guideline Manual for County Auditors of Indiana, Chapter 14)

A similar comment appeared in the prior report.

**OFFICIAL BONDS**

None of the elected officials, excluding the County Recorder, had individual bonds filed in the Office of the County Recorder. The County Recorder does not have an individual bond filed in the Office of the Clerk of the Circuit Court. The elected officials do have coverage within a blanket bond, however, the amounts are not sufficient.

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, or employee of a political subdivision who is required under section 18 of this chapter to file an official bond for the faithful performance of duty, except the county recorder and deputies, and employees of the recorder, shall file the bond in the office of the county recorder. . . ."

A similar comment appeared in the prior report.

**RECONCILIATION OF SUBSIDIARY LEDGERS**

The payroll subsidiary accounts in total do not reconcile to the payroll control total. Posting errors were not discovered in a timely manner because reconcilements were not made between the subsidiary accounts and the control account. The difference is \$20,250.88 as of December 31, 2011, where the subsidiary accounts in total were less than the control account.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, 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 County Auditors of Indiana, Chapter 14)

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EXAMINATION RESULTS AND COMMENTS  
(Continued)

***CAPITAL ASSET RECORDS***

The County did not maintain capital asset records for 2011.

Every governmental unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. 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)

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties totaling \$830.33 were paid to the Internal Revenue Service on September 6, 2011, for the quarter ending June 30, 2011.

Penalties totaling \$1,240 were paid to the Indiana Department of Revenue on June 14, 2012, for the year ending December 31, 2011.

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)

***LEAVE AND OVERTIME POLICY***

A compensatory leave/overtime policy was presented for examination; however, this policy was unclear as to when compensatory leave must be taken or as to the maximum of compensatory leave that may be earned by each individual. The lack of clarity on the policy leaves the County with numerous employees having excessively large compensatory leave balances and a potential liability of amounts owed to employees upon retirement.

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. 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 14)

A similar comment appeared in the prior report.

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***LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER***

A list of employees was not certified to the County Treasurer.

Indiana Code 6-1.1-22-14(a) states in part:

"On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due from the political subdivision to the treasurer of each county in which the political subdivision is located."

A similar comment appeared in the prior report.

***COLLECTION OF AMOUNTS DUE***

We noted delinquent property taxes were due from several employees as of August 7, 2012.

The County Auditor has not authorized the garnishment of wages in order to collect these delinquent property taxes.

Indiana Code 6-1.1-22-15 states:

"If the county treasurer finds that a person whose name is certified to him under section 14 of this chapter is delinquent in the payment of his taxes, he shall certify the name of that person and the amount of the delinquency to the official of the political subdivision or other governmental entity who is to make payment to the person. The disbursing officer shall periodically make deductions from money due the person and shall pay the amount of these deductions to the county treasurer."

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR  
MARTIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2012, with Nancy J. Steiner, Auditor; Paul R. George, President of the Board of County Commissioners; C. Richard Summers, President of the County Council; and January Roush, Chief Deputy Auditor. The officials concurred with our examination findings.