

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

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



**FILED**  
06/18/2013



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Amanda Mitchell Jane Letsinger Gregg Townsend	01-01-11 to 06-01-12 06-02-12 to 06-19-12 06-20-12 to 12-31-14
President of the County Council	Madonna Alderson Scott Friend Dennis Henderson	01-01-11 to 12-31-11 01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the Board of County Commissioners	Mike Cline	01-01-11 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF TIPTON 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 Tipton County for the year 2011.

STATE BOARD OF ACCOUNTS

May 1, 2013

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

**CONDITION OF RECORDS**

The following deficiencies relating to the recordkeeping were present during our period of examination:

1. The total amount of funds ledger cash as shown on the Treasurer's cash book at December 31, 2011, totaled \$284,875 more than the total of funds ledger cash as shown on the records of the County Auditor.

Each month, the Auditor and Treasurer shall prepare a monthly financial statement and reconcile cash and investment balances as shown on the statements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 3)

2. There were several posting errors noted in the County Auditor's funds ledger. These errors included posting of disbursements to the wrong fund, and receipts being issued twice for the same deposit.

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, Chapter 14)

**ANNUAL REPORT**

The annual financial report filed contained several errors. There were funds that were omitted from the annual report and there were several errors made in entering fund activity for various funds into the annual report. This was due to posting errors and a lack of reconciliation between funds ledger balances as shown on the records of the County Auditor and funds ledger balances as shown on the annual report. In addition, county department receipts, disbursements, and balances were not included in the annual report and the section of the report that depicts financial assistance to non-governmental entities was not prepared.

Indiana Code 5-11-1-4(a) concerning annual reports states in part: "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."

**PAYROLL WITHHOLDINGS**

The following conditions were noted relating to remittances of payroll withholdings in 2011 and 2012:

1. Remittances to the Indiana Department of Revenue for state and county payroll withholdings were not in agreement with amounts withheld for eight payrolls in 2011. There was one payroll where payroll withholdings were remitted twice to Indiana Department of Revenue.
2. Penalties and interest of \$2,071.65 in 2011 and \$5.13 in 2012 relating to the improper remittances of payroll withholdings were paid to the Indiana Department of Revenue. A review of taxpayer financial summaries provided by the Indiana Department of Revenue indicated that both of these charges were incurred during the term of office of Amanda Mitchell, former County Auditor.

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

3. A review of federal taxes due from the May 25, 2012, June 22, 2012, and July 20, 2012 payrolls indicated that these taxes were not remitted to the Internal Revenue Service until August 28, 2012. In addition, payroll taxes due for the February 3, 2012, March 16, 2012, and March 30, 2012 payrolls were remitted to the Internal Revenue Service on April 11, 2012. Per IRS regulations, the County is a semi-weekly depositor for purposes of remitting federal taxes. The County paid \$2,936.83 in penalties and interest to the Internal Revenue Service resulting from the late remittances of federal withholdings for the second quarter of 2012. An analysis of transcripts provided by the Internal Revenue Service indicates that \$1,474.94 of these penalties and interest charges were associated with the term of office of Amanda Mitchell, former County Auditor, and \$1,461.71 of these charges were incurred during the term of Gregg Townsend, current County Auditor.

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. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

Amanda Mitchell, former County Auditor, was requested to repay the County Treasury \$3,551.72 for penalties and interest charges paid by the County for late remittances of payroll withholdings. (See Summary of Charges, page 13)

***TIMELY RECORDKEEPING***

We noted instances of up to 168 days between the time distributions from the Auditor of State were deposited to the Treasurer's bank account and the time a quietus was issued by the County Auditor.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

***SUBSEQUENT EVENT - PERSONAL EXPENSES***

On March 27, 2012, \$312.47 was withdrawn from the County Treasury for the payment of former County Auditor Amanda Mitchell's personal telephone and internet bill. In addition, on April 13, 2012, \$389.18 was withdrawn from the County Treasury for the payment of former County Auditor Amanda Mitchell's personal gas utility bill. These withdraws were made after a bank routing and account from one of the Treasurer's bank accounts was provided to these utilities for the purposes of paying these bills. A repayment of the \$312.47 telephone bill and the \$389.18 gas bill were made to the County Treasurer on May 25, 2012, and July 27, 2012, respectively. (See Summary of Charges, page 13)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapters 14 and 18)

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**TRAVEL CLAIMS - PERSONAL EXPENSES**

Amanda Mitchell, former County Auditor, and Amy Williams, County Auditor's office employee, attended the Association of Indiana Counties conference for newly-elected County Auditors on Friday, January 21, 2011, and Saturday, January 22, 2011. According to Association of Indiana Counties officials, a continental breakfast and lunch were provided to conference attendees on Friday, January 21. The County reimbursed Amanda Mitchell and Amy Williams for the cost of individual breakfasts and \$6.50 in lunch subsistence for Friday January 21. The 2010 Tipton County Travel Policy states in part that "if all meals are provided, simply make no claim for subsistence." Amanda Mitchell and Amy Williams reimbursed the County for these expenses on September 22, 2011. In addition, the County paid \$356.00 for Amanda Mitchell and Amy Williams to stay in a hotel in Indianapolis for the night of January 22 as well as reimbursing them for an individual meal expense incurred that night, even though the conference ended that morning. The County was reimbursed September 22 and 23, 2011, for the personal hotel bills and individual meal expenses incurred January 22. The supporting documentation for the hotel stay in Indianapolis for both nights was a reservation confirmation printed from the internet. The original hotel bill documenting the stay was not presented for examination.

On May 24 through 27, 2011, Amanda Mitchell, former County Auditor, and Amy Williams and Dianna Ramos, Auditor's office employees, attended the State Board of Accounts Spring County Auditor's Conference at the Belterra Casino and Resort in Vevay, Indiana. Room service charges were incurred for both rooms during this stay which did not contain detailed itemization as to the actual food and drink ordered. The 2010 Tipton County Travel Policy states in part: "meals ordered through room service at a hotel are allowable for subsistence reimbursement as long as a detailed receipt is provided showing all food and drink ordered." Amanda Mitchell and Amy Williams reimbursed the County a total of \$74.95 for these room service charges on October 6, 2011.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

**OVERDRAWN FUND BALANCES**

The following funds were overdrawn at December 31, 2011:

Commercial Vehicle Excise Tax	\$ 46,625.00
E 911	204,980.78
Joint Dispatch Center	225.00
Security Protection Fun	1,093.11
Tax Sale Redemption	22,464.53
Certified Shares CAGIT	189,183.95
Tax Distribution	1,309.08
Operation Pullover 2005-2011	3,000.37
Homeland Security Grant Fund	2,081.96
Property Tax Replacement Credit	63,063.00

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

**LATE PAYMENT CHARGES**

Late charges were paid in 2011 and 2012 to Vectren Energy in the amount of \$1,225.37 and to TDS Telecom in the amount of \$61.94. TDS reimbursed the County \$49.77 of these charges in 2012.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims 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. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

Amanda Mitchell, former County Auditor, was requested to repay the County Treasury \$1,237.54 for late payment charges paid by the County. (See Summary of Charges, page 13)

**SUPPORTING DOCUMENTATION**

Several claims were observed which did not contain adequate supporting documentation such as receipts, invoices, and other public records. A total of 120 claims were selected for testing, of these claims, 76 with a dollar value of \$219,817.53 could not be located for audit and 5 of the remaining 44 claims available for examination did not have adequate supporting documentation. The items paid without documentation were payments for aggregate materials, payments to the Tipton Municipal Utilities, payments for medical care for inmates and Health Department nursing services, contractual payments made to the Economic Development Director of Tipton County, and courthouse lighting supplies.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

**CREDIT CARDS**

Two credit cards were issued by First Farmers Bank, Tipton County, to the Tipton County Auditor and Tipton County Treasurer during 2011 with the names of Amanda Mitchell, former County Auditor, and Bonita Guffey, County Treasurer, on the cards. There was no evidence that the Board of County Commissioners had authorized the procurement of these cards and the County does not have a formal credit card policy. The card issued to the County Auditor was used for two separate purchases in 2011; one of these purchases, a \$233.99 payment to Verizon Wireless Network for what was described on the ledgers as an "overnight replacement phone" was charged to the budget of the County Council and was not adequately supported by an invoice or other supporting documentation attached to the credit card statement. The phone purchased is being used by the Tipton County Prosecuting Attorney.

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

**COMPENSATION AND BENEFITS**

Amanda Mitchell, former County Auditor, received \$230.76 in payments for 2011 which were not included in the payroll system. This compensation was for the County's Auditor's duties as Secretary to the County Commissioners and was included in the salary ordinance. This amount was not subject to withholdings, Social Security, and Medicare taxes, or reported properly to the Internal Revenue Service.

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, Chapter 18)

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROLS***

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. The County Auditor did not review remittances of payroll withholdings performed by office personnel to verify that the payments were made on a timely basis. In addition, the County Auditor did not reconcile fund balances per the ledgers to funds ledger - cash balances as shown on the Treasurer's Daily Balance of Cash and Depositories.

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, Chapter 14)

***OFFICIAL BOND***

An official bond for Amanda Mitchell, former County Auditor, was obtained and covered the period January 1, 2011 to January 1, 2015. The guarantor was Western Surety Company.

***AUDIT COSTS - CONDITION OF RECORDS***

Additional audit time was required to prepare financial statements and other information necessary for the audit report due to investigating penalties and interest relating to late filing of payroll withholdings. The State of Indiana is requesting reimbursement of audit fees incurred in the amount of \$4,679.90.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR  
TIPTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 6, 2012, and May 13, 2013, with Mike Cline, President of the Board of County Commissioners; Beth Roach, County Council member; and Gregg Townsend, County Auditor.

The contents of this report were discussed on November, 28, 2012, and May 7, 2013, with Amanda Mitchell, former County Auditor, and Bill Steen, personal representative. The Official Response has been made a part of this report and may be found on page 11.

The contents of this report were discussed on December 3, 2012, and May 7, 2013, with Phil Herron, County Commissioner.

The contents of this report were discussed on December 3, 2012, and May 8, 2013, with Jane Harper, former County Commissioner. The Official Response has been made a part of this report and may be found on page 12.

December 8, 2012

Indiana State Board of Accounts  
302 West Washington Street, Room E 418  
Indianapolis, IN 46204-2765

To Whom It May Concern,

I am writing this letter to be included with the review of my term by the State Board of Accounts not to excuse errors that occurred but to provide some insight to those errors during my term.

I came into office following the established procedures from past administrations, this I have learned, was the beginning of many problems. Free access to original claim documentation to other elected officials, political enemies and dirty tactics by those enemies, promises offering assistance that were not followed through by outgoing officials, all combined to produce this poor review of my office's work which by necessity reflects on me as the elected official.

The payroll clerk, by her failing to submit payments to the federal government on time of with-holding and other documentation incurred penalties and interest. I came into office trusting my employees to complete tasks in a timely manner with little to no "micro-managing" of their jobs. I have since learned that approach did not work. A valuable lesson learned.

Having department heads and elected officials not turning in claims on time to the auditor's office for processing at times incurred late fees. When we found out that late fees were charged we always attempted to recover those for the county, as you can see included in the review we missed some.

As I reflect back over the 18 months as Auditor and over this report I see many things that could have and should have been done differently. Thank You for allowing me time to write this letter and tell my side of the story.

Thank You,

A handwritten signature in black ink that reads "Amanda Mitchell". The signature is written in a cursive, flowing style.

Amanda Mitchell

**May 07, 2013**

**Indiana State Board of Accounts**

OFFICIAL RESPONSE to Audit Results and Comments by Jane Harper, Tipton County Commissioner 2009-2012

Unit Examined: Tipton County Auditor

Period Examined: January 1, 2011 to September 1, 2012

Date of Conference: December 3, 2012 & May 07, 2013

**RE: TRAVEL CLAIMS-PERSONAL EXPENSES**

Although I am in agreement with the focus of this review in that the report states the money for the unauthorized overnight hotel room stay on January 22, 2011 was reimbursed to the county many months later, it does not include the other benefits received by charging the rooms to the county. The two employees personally benefitted from use of the county's tax exempt status to avoid paying state sales tax and local innkeeper's tax. This was not repaid and represents an unauthorized use of the county's tax exempt number.

**RE: LATE DISBURSEMENTS TO TAXING UNITS**

There is no mention in the SBOA report of the fact that Amanda Inman failed to distribute monies sent from the State to the local taxing units in the manner outlined in the Indiana Code. That is: the public library, the two school corporations, the Solid Waste District, and the town boards. In the 17 months she served as auditor, Ms. Inman distributed the monies within the proper time frame only four times.

**IC 6-3.5-1.1-11.5 Timing of income tax distributions within the county Sec. 11.5. (a) The county auditor shall timely distribute the part of the certified distribution received under section 10 of this chapter that constitutes property tax replacement credits to each civil taxing unit and school corporation that is a recipient of property tax replacement credits as provided by sections 12, 13, and 14 of this chapter. (b) The county auditor shall timely distribute the part of a certified distribution received under section 10 of this chapter that constitutes certified shares to each civil taxing unit that is a recipient of certified shares as provided by section 15 of this chapter. (c) A distribution is considered to be timely made if the distribution is made not later than ten (10) working days after the date the county treasurer receives the county's certified distribution under section 10 of this chapter.**

I submit the above to be included as a part of the official report.

Jane Harper



Tipton County Commissioner 2009-2012

COUNTY AUDITOR  
TIPTON COUNTY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Amanda Mitchell, former County Auditor:			
Payroll Withholdings, pages 4 and 5	\$ 3,551.72	\$ -	\$ 3,551.72
Subsequent Event - Personal Expenses, page 5	701.65		
Repayment of telephone and internet bill on 05-25-12		312.47	
Repayment of gas bill on 07-27-12		389.18	-
Late Payment Charges, page 7	1,237.54	-	1,237.54
Audit Costs - Condition of Records, page 7	<u>4,679.90</u>	-	<u>4,679.90</u>
Totals	<u>\$ 10,170.81</u>	<u>\$ 701.65</u>	<u>\$ 9,469.16</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

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AFFIDAVIT

STATE OF INDIANA            )  
Marion COUNTY) )

We, John Allen Homrig and Albert Marshall, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the County Auditor, Tipton County, Indiana, for the period from January 1, 2011 to December 31, 2011, is true and correct to the best of our knowledge and belief.

[Signature]  
[Signature]  
Field Examiners

Subscribed and sworn to before me this 3rd day of June, 2013.

[Signature]  
Notary Public

My Commission Expires: 03-02-2018  
County of Residence: Putnam

