

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

AUDIT REPORT

OF

COUNTY AUDITOR

MORGAN COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
08/19/2013

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Brenda Adams	01-01-11 to 12-31-14
President of the County Council	Kenneth L. Hale	01-01-12 to 12-31-13
President of the Board of County Commissioners	Norman Voyles	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MORGAN COUNTY

We have audited the records of the County Auditor for the period from January 1, 2012 to December 31, 2012, 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 Result and Comment. The financial transactions of this office are reflected in the Financial Statement and Federal Single Audit Report of Morgan County for the year 2012.

STATE BOARD OF ACCOUNTS

August 7, 2013

COUNTY AUDITOR
MORGAN COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROL OVER APPROVAL OF PAYROLL CLAIMS

We noted a deficiency in the internal control system of the County related to payroll. The County has not separated incompatible activities related to payroll and related liabilities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. The County's payroll processing is handled primarily by one staff person in the County Auditor's office. Payroll claims are not approved by the Board of County Commissioners as required by Indiana Code 36-2-6-4. Supporting documentation for these payments is retained in the payroll files; however, there is no documentation a review is done by another employee or of other compensating controls.

Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks should be managed.

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 objections, 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.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with Brenda Adams, Auditor; Kenneth L. Hale, President of County Council; and Norman Voyles, President of the Board of County Commissioners. The officials concurred with our finding.