

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

AUDIT REPORT

OF

COUNTY TREASURER

DELAWARE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
09/18/2013

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John Dorer	01-01-09 to 12-31-16
President of the County Council	James King Kevin Nemyer	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the Board of County Commissioners	Todd Donati Larry Bledsoe	01-01-12 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
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TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

For the period from January 1, 2012 to December 31, 2012 the Treasurer's records were insufficient to allow us to certify that the records and accountability for cash are satisfactory. Details are stated in the Audit Results and Comments.

STATE BOARD OF ACCOUNTS

August 19, 2013

COUNTY TREASURER
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

As noted in the previous two audits, depository reconciliations of the fund balances to the bank account balances were not presented for audit for all twelve months during the audit period. No reconciliations of ending balances were performed and the cash book was not retained for audit so reconciling amounts that were identified during the review of receipts and disbursements could not be verified.

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."

INTERNAL CONTROLS - TREASURER'S CASH BOOK

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. The bank statements were not reconciled to the Treasurers cash book in 2012 and due to a computer error the cash book was not retained for audit. Therefore, there were no controls in place to allow for the discovery of any posting errors in the cash book.

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 Treasurers of Indiana, Chapter 10)

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Treasurer's tax collections. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

COUNTY TREASURER
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Some of the deficiencies include:

1. Computer generated totals on the tax duplicates did not agree to the detail.
2. Amounts in the tax duplicate did not agree to the amounts given to the Auditor for settlement.
3. Amounts collected per the tax duplicates exceed the amount certified to the auditor.

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 County Treasurers of Indiana, Chapter 10)

INTERNAL CONTROLS - TAX COLLECTIONS

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. No tax duplicates were created until requested for the audit and the unit was unaware that the amounts reported for settlement did not agree to these detailed tax duplicates.

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 Count Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 19, 2013, with Larry Bledsoe, President of the Board of County Commissioners; Judy Rust, Auditor; Patty Lackey, Executive Assistant; and John Dorer, Treasurer. The Official Response has been made a part of this report and may be found on page 7.



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DELAWARE COUNTY TREASURER

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Internal Controls, Treasurer's Cash Book

Condition of Records

Financial records presented for audit were incomplete and not reflective of the activity of the Treasurer's tax collections. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

Response: Regarding the fact that computer generated totals on the tax duplicates did not agree to the detail, The Delaware County Treasurer and the county's IT director are working diligently with personnel representing the NIKISH software system to learn why totals do not match. We are checking to ensure that the program is functioning properly.

With regard to the tax duplicate amounts not in agreement with the amount certified to the Auditor, We will verify the cash book and the 49TC to the tax duplicate to ensure that all totals match before giving the settlement to the Auditor.

Regarding the amounts collected per the tax duplicates exceeding the amount certified to the Auditor, we anticipate that once the totals match through verification of the cash book and the 49TC, this issue will be remedied.

John B. Dorer
Delaware County Treasurer