

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

AUDIT REPORT

OF

COUNTY TREASURER

FLOYD COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
12/05/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Result and Comment: Bank Account Reconciliations and Internal Controls.....	4
Exit Conference.....	5

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Linda L. Berger	01-01-09 to 12-31-16
President of the County Council	Ted Heavrin John J. Schellenberger	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the Board of County Commissioners	Stephen Bush	01-01-12 to 12-31-13



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 FLOYD COUNTY

We have audited the records of the County Treasurer 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 Annual Report of Floyd County for the year 2012.

STATE BOARD OF ACCOUNTS

November 14, 2013

COUNTY TREASURER
FLOYD COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS AND INTERNAL CONTROLS

The posting of the County Treasurer's Daily Balance of Cash and Depositories (Daily Cash Book) and the monthly bank reconciliations were part of the responsibilities of the 1st Deputy in the County Treasurer's office. The 1st Deputy was terminated on September 5, 2012, and the position was filled on October 16, 2012. The Daily Cash Book was not posted correctly and monthly reconcilments of the records to the depository balances were not done for the remainder of the year. The County Treasurer stated she did not review or approve the monthly bank reconciliations to ensure they were being properly prepared by the new employee. The County Treasurer became aware the records had not been posted correctly and reconciled after the 1st Deputy resigned on January 23, 2013. The County Treasurer then hired part-time employees in the beginning of 2013 to complete the posting of the Daily Cash Book and reconcile the records to the depository balances through December 31, 2012.

The Daily Cash Book presented for audit for December 31, 2012, reported a funds ledger cash balance of \$21,817,597. The fund ledger cash balance shown on both the County Auditor's and County Treasurer's Monthly Financial Statement was \$18,148,874 signifying a difference of \$3,668,723. This difference was determined to be posting errors of payroll transfers on the Daily Cash Book and was subsequently corrected.

Controls had not been established to segregate duties related to bank reconcilments.

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."

At all times, the manual and/or 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 Treasurers, Chapter 10)

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.

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, Chapter 10)

COUNTY TREASURER
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 14, 2013, with Linda L. Berger, Treasurer. The official concurred with our audit finding.

The contents of this report were also discussed on November 14, 2013, with John J. Schellenberger, President of the County Council.