

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

AUDIT REPORT

OF

COUNTY SHERIFF

POSEY COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
08/22/2014

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Greg Oeth	01-01-11 to 12-31-14
President of the Board of County Commissioners	James Alsop Carl Schmitz	01-01-12 to 12-31-12 01-01-13 to 12-31-14
President of the County Council	Robert Gentil	01-01-12 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF POSEY COUNTY

We have audited the records of the County Sheriff 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Posey County for the year 2012.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 17, 2014

COUNTY SHERIFF
POSEY COUNTY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS (Commissary Fund)

Financial records presented for audit were incorrect or incomplete and not reflective of the activity of the Commissary fund.

Some of the deficiencies include:

1. Posting errors including numerous debit card transactions posted later than the month in which they occurred, several debit card transactions or corrections not posted, and two checks which were not posted.
2. Checks and debit card transactions that cleared the bank at amounts different than those posted were not always adjusted or corrected in the ledger.
3. Mathematical errors in the ledger resulted in incorrect ledger balances.

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)

INTERNAL CONTROLS (Commissary Fund)

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. There are not proper controls over the custody and use of the Commissary debit card. This has resulted in purchases either not being posted in the ledger at all, or not being posted on a timely basis, and lost or unsubmitted receipts or other documentation for some debit card purchases.

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 Counties of Indiana, Chapter 1)

PUBLIC RECORDS RETENTION (Commissary Fund)

Several receipts or other supporting documentation for purchases made by debit card were not retained and available for audit. Optical images of canceled checks from January 1, 2012 through June 30, 2012, included only the front side of the checks. From July 1, 2012 through December 31, 2012, there were no optical images of cancelled checks included with the bank statements and available for audit.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states, in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

COUNTY SHERIFF
POSEY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 for Counties of Indiana, Chapter 1)

Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference. . . .

(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

BANK ACCOUNT RECONCILIATIONS (Commissary Fund)

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations contained errors and did not balance.

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."

CASH NECESSARY TO BALANCE, BANK ACCOUNT RECONCILIATIONS (Sheriff's Cash Book)

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation was not performed to the correct ledger balances. Though receipts and disbursements are totaled at the end of each month, there is no ending cash balance ever calculated and posted in the Sheriff's Cash Book.

A comparison of the records to the bank account indicated cash necessary to balance of \$10,691. This amount represents an accumulation of various reconciling items over a period of years that have not been corrected in the Cash Book of the Sheriff's Department. Deposits in transit cannot be determined for reconciliation because individual receipts cannot be traced to specific deposits and the composition of each deposit cannot be determined. In addition, a Cash Change fund has not been established in the Sheriff's Department and some cash is withheld from deposits in order to have cash available to make change. Due to the nature of deposits in transit at month end, and other unidentifiable errors, the cash necessary to balance at the end of each month has fluctuated throughout the year from a maximum cash long of \$1,543 to a maximum cash short of \$461,451.

COUNTY SHERIFF
POSEY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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 for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 31, 2013, with Greg Oeth, Sheriff.