

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

EXAMINATION REPORT
OF
COUNTY AUDITOR
NEWTON COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
12/01/2014

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sharon Dewing	01-01-11 to 12-31-14
President of the Board of County Commissioners	Kyle Conrad Tim Drenth	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	Scott Carlson	01-01-13 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF NEWTON COUNTY

We have examined the records of the County Auditor for the period from January 1, 2013 to December 31, 2013, 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 Examination Result and Comment. The financial transactions of this office are reflected in the Annual Report of Newton County for the year 2013.

STATE BOARD OF ACCOUNTS

October 6, 2014

COUNTY AUDITOR
NEWTON COUNTY
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the County related to financial transactions and reporting.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the receipting process to reduce risks to the achievement of financial reporting objectives. The County has not separated incompatible activities related to receipts. The County rotates the daily receipting process between employees within the County Auditor's Office. The employee is responsible for receipting, posting of receipts, and reconciling to the Treasurer's Office for the day without oversight or review. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statement: Effective internal controls over financial reporting involves the identification and analysis of the risks of material misstatement to the County's examined financial statement and then determining how those identified risks should be managed. The County Auditor prepares the financial statement without review, oversight, or approval. The County has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.

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 controls.

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 Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
NEWTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2014, with Sharon Dewing, Auditor; Tim Drenth, President of the Board of County Commissioners; Scott Carlson, President of the County Council; and Carmelita F. Hall, Council member.