

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

EXAMINATION REPORT
OF
COUNTY SHERIFF
POSEY COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
01/16/2015

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COUNTY OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF POSEY COUNTY

We have examined the records of the County Sheriff 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Posey County for the year 2013.

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

December 15, 2014

COUNTY SHERIFF
POSEY COUNTY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS (Commissary Fund)

As stated in prior report, financial records presented for examination 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 and one debit card transactions 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.
4. Deposits (receipts) and checks (disbursements) should be totaled at the end of each month, and an accurate balance recorded. Currently, there are no totals for receipts or disbursements in the ledger.
5. Outstanding checks more than two years should be voided and deposited back into the ledger.

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)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

INTERNAL CONTROLS (Commissary Fund)

As stated in the prior report, 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)

COUNTY SHERIFF
POSEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PUBLIC RECORDS RETENTION (Commissary Fund)

One receipt or other supporting documentation for a purchase made by debit card was not retained and available for examination. Optical images of canceled checks from January 1, 2013 through June 30, 2013, were not included with the bank statements and available for examination.

A similar comment was contained in the prior report.

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."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 Manual 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."

BANK ACCOUNT RECONCILIATIONS (Commissary Fund)

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

A similar comment was contained in the prior report.

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 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.

COUNTY SHERIFF
POSEY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

A comparison of the records to the bank account indicated cash necessary to balance of \$3,205.68. 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 \$1,232.96 to a maximum cash short of \$6,575.65.

A similar comment was contained in the prior report.

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 December 15, 2014, with Greg R. Oeth, Sheriff, and Carl A. Schmitz, President of the Board of County Commissioners.