

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

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



FILED
04/20/2015

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Michelle Hetrick Robin Weston-Hubner	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Thomas A. Hetrick	01-01-12 to 12-31-15
President of the County Council	John D. Comer	01-01-12 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WARREN 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Warren County for the year 2013.

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

January 29, 2015

COUNTY AUDITOR
WARREN COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The 2013 Annual Financial Report (AFR) presented for audit contained a number of errors and did not properly reflect the financial activity of Warren County. The County Auditor is required to report all financial information in the AFR. This information is used to compile the financial statement. The AFR omitted the Self-Insurance fund and contained several funds with incorrect amounts reported for receipts, disbursements, and balances in the amounts of \$7,388,583, \$10,377,391, and \$11,254,264; respectively. The errors resulted in the December 31, 2013 Cash and Investment balance being overstated by \$8,265,458. Examination adjustments were proposed, accepted by the County, and made to the financial statement presented for the County. The adjustments resulted in a presentation of the financial statement that is materially correct.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

OVERDRAWN CASH BALANCES

The financial statement presented for the County included two funds with overdrawn cash balances at December 31, 2013: County User Fee Probation \$1,419 and HEA 1001 State Homestead Credit \$586.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Counties Chapter 14)

INTERNAL CONTROLS

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. We noted a deficiency in the internal control system of the County related to financial transactions and reporting.

Monitoring of Controls: An evaluation of the County's system of internal control has not been conducted. The failure to monitor the internal control system places the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the County to monitor and assess the quality of the system of internal control.

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 Auditors, Chapter 14)

COUNTY AUDITOR
WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2015, with Michelle Hetrick, former County Auditor; Robin Weston-Hubner, County Auditor; John D. Comer, President of the County Council; and Tony Briles, County Commissioner.