

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

COUNTY AUDITOR

TIPTON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
05/08/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Amanda Plake	01-01-11 to 06-01-12
	Jane Letsinger	06-02-12 to 06-19-12
	Gregg Townsend	06-20-12 to 12-31-18
President of the County Council	Scott Friend	01-01-12 to 12-31-12
	Dennis Henderson	01-01-13 to 12-31-14
	James L. Powell	01-01-15 to 12-31-15
President of the Board of County Commissioners	Mike Cline	01-01-12 to 12-31-13
	Phil Heron	01-01-14 to 12-31-14
	Joe VanBibber	01-01-15 to 12-31-15



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TIPTON COUNTY, INDIANA

This report is supplemental to our examination report of Tipton County (County), for the period from January 1, 2012 to December 31, 2012. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the County Auditor. It should be read in conjunction with our Financial Statement Examination Report of the County, which provides our opinion on the County's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

March 5, 2015

COUNTY AUDITOR
TIPTON COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for 2012 was not filed electronically until July 17, 2013. The Annual Report for 2012 contained a number of errors and did not properly reflect the financial activity of several funds. Additionally, the section for Federal expenditure activity was not completed.

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."

SUPPORTING DOCUMENTATION - TRAVEL EXPENDITURES

Several travel claims totaling \$1,220.72 were observed which did not contain adequate supporting documentation such as receipts, invoices, and other public records.

<u>Date</u>	<u>Amount</u>	<u>Payee</u>	<u>Description of Purchase (if any)</u>
06-04-12	\$ 278.00	French Lick Springs Resort	Lodging at state called meeting
02-27-12	302.38	Best Western Lafayette	Mileage to state called meeting
05-07-12	246.48	Caesar's Entertainment	Lodging at state called meeting
05-15-12	246.48	Caesar's Entertainment	Lodging at state called meeting
05-21-12	<u>147.38</u>	Lindsey Ogden	Mileage to state called meeting
Total	<u>\$ 1,220.72</u>		

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 Manual for County Auditors of Indiana, Chapter 14)

ADVANCE PAYMENTS

The County paid \$1,305.77 of compensation in advance to an employee. An incorrect bi-weekly salary was entered into the payroll system at the start of the year. As a result, the employee received a higher bi-weekly gross pay for the first 25 pay periods of 2012. This error was found and corrected on the final payroll of the year. In total for the year 2012, the employee received the approved salary amount.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 14)

COUNTY AUDITOR
TIPTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were present during our period of examination:

1. The total amount of funds ledger cash as shown on the County Treasurer's Cash Book at December 31, 2012, totaled \$590,242 more than the total of funds ledger cash as shown on the records of the County Auditor.

At the close of each calendar month a Monthly Financial Statement, County Form No. 61, shall be prepared, showing the financial transactions for the month and year to date, for each fund and in total.

The county treasurer is also required to independently prepare a Monthly Financial Statement on the same form and the two statements must be reconciled. If any differences exist between the records of the auditor and the treasurer, they must be identified and immediate steps taken to bring the records of the two offices into agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 6)

2. There were several posting errors noted in the County Auditor's funds ledger. These errors included posting of receipts and disbursements to the wrong fund.

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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OVERDRAWN CASH BALANCES

The financial statement presented for examination included the following funds with overdrawn cash balances at December 31, 2012:

Fund	Amount Overdrawn
General Drain Improvement	\$ 58,614
County Id Security Protection	1,465
2008 ED REV PROJ OLD CONST 377	2,000
New Payroll Clearing	97,868

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 Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
TIPTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

The County paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$26,965 because the County did not remit payments properly or on a timely basis relating to 2012 tax periods. As of April 15, 2014, the Internal Revenue Service has refunded all penalties and interest relating to 2012 tax periods.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COMPENSATION AND BENEFITS

Leave benefits were paid to several employees at termination which were not in accordance with the County policy regarding leave payouts at termination of employment.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

INTERNAL CONTROLS

Internal controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Numerous posting errors were recorded and not detected or corrected. The County Auditor did not reconcile fund balances per the ledgers to funds ledger - cash balances as shown on the Treasurers Daily Balance of Cash and Depositories.

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 of Indiana, Chapter 14)

COUNTY AUDITOR
TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 30, 2014, with Amanda Plake, former County Auditor, and Gregg Townsend, County Auditor.

The contents of this report were discussed on March 5, 2015, with Joe VanBibber, President of the Board of County Commissioners; James L. Powell, President of the County Council; and Gregg Townsend, County Auditor.