

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

COUNTY TREASURER

TIPTON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
05/08/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Condition of Records	4-5
Bank Account Reconciliations	5
Internal Controls	5
Exit Conference.....	6

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Treasurer	Bonita Guffey Suzanne Alexander	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the County Council	Scott Friend Dennis Henderson James L. Powell	01-01-12 to 12-31-12 01-01-13 to 12-31-14 01-01-15 to 12-31-15
President of the Board of County Commissioners	Mike Cline Phil Heron Joe VanBibber	01-01-12 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 Treasurer. 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 TREASURER
TIPTON COUNTY
EXAMINATION RESULTS AND COMMENTS

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.

The Monthly Financial Statement, Form 61, is a permanent record prepared from the treasurer's funds ledger at the close of each month. It is prepared after all postings to the ledger have been completed for the month and reflects the total receipts and disbursements and the balance for each fund for the month and for the year to date. The statement must agree with a similar statement kept by the county auditor, giving consideration to any adjustments required to reconcile the ledgers of the two offices. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

2. There were several posting errors noted in the County Treasurer's Cash Book. These errors included checks not being posted, quietus not being posted correctly and interest not being posted.

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 Treasurers of Indiana, Chapter 10)

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 Treasurers of Indiana, Chapter 10)

3. Prescribed County Form 47TR "Monthly Financial Report" was not filed for any months during the year 2012.

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

Indiana Code 36-2-10-16(a) states:

"Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items:

- (1) The total amount of taxes collected and not included in the last semiannual settlement of taxes, and the amount of taxes omitted from any preceding semiannual settlements, except for taxes advanced to the state or a municipal corporation in the county and for which an advance settlement has been made.
- (2) The total amount of distributions under IC 6-5.5 that are not included in the last semiannual settlement of taxes, and the amount of those taxes omitted from any preceding semiannual settlements.

COUNTY TREASURER
TIPTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (3) The totals of money received from all other sources and not receipted into the ledger fund accounts of the county at the end of the month.
- (4) The total of the balances in all ledger fund accounts.
- (5) The total amount of cash in each depository at the close of business on the last day of the month.
- (6) The total of county warrants issued against each depository that are outstanding and unpaid at the end of the month.
- (7) The record balance of money in each depository at the end of the month.
- (8) The cash in the office at the close of the last day of the month.
- (9) Other items for which the treasurer is entitled to credit.

The treasurer shall prepare the report in quadruplicate and verify each copy. The treasurer shall retain one (1) copy as a public record and file three (3) copies with the county auditor. The state board of accounts shall prescribe forms for the report in the detail it considers necessary under this section and IC 5-13-6-1."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance. As of December 31, 2012, the bank account reconciliation presented for examination indicated that reconciled bank balances were less than the Treasurer's Daily Balance of Cash and Depositories (ledger) balance by \$535,338.42. The County retained an outside consultant to reconcile the ledger to the reconciled bank balances. As of June 19, 2013, the unidentified difference is \$5,746.27.

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."

INTERNAL CONTROLS

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

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 Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
TIPTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 30, 2014, with Bonita Guffey, County Treasurer; and 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.