

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

COUNTY TREASURER

KNOX COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

10/17/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cendy Joslin	01-01-03 to 12-31-08
President of the County Council	Robert Lechner	01-01-05 to 12-31-06
President of the Board of County Commissioners	Dr. Jerry R. Brocksmith James W. Bobe	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

TO: THE OFFICIALS OF KNOX COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2005 to December 31, 2005, 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 Audit Result and Comment. The financial transactions of this office are reflected in the Annual Report of Knox County for the year 2005.

STATE BOARD OF ACCOUNTS

September 12, 2006

COUNTY TREASURER
KNOX COUNTY
AUDIT RESULT AND COMMENT

BANK ACCOUNT RECONCILIATIONS AND SUBSEQUENT EVENTS

Depository reconciliations of the fund balances to the bank account balances were not correct and lists of outstanding warrants were not available for audit. A similar comment appeared in the last two prior audit reports.

Indiana Code 5-13-6-1(e) states in part: "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."

It is the duty of the treasurer to carefully preserve and safeguard all official records, documents and papers of the office. No records of the office may be destroyed or otherwise disposed of unless the provisions of the public records law are observed and prior approval is given by the county commission of public records. [IC 5-15-6]

On July 31, 2006, the Treasurer made adjustments to the cashbook in order to perform a depository reconciliation of the fund balances to the bank account balances. The adjustments were for a net deduction of \$924,808.08 and were made without supporting documentation.

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 Treasurers, Chapter 10)

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 Manual for Treasurers, Chapter 10)

COUNTY TREASURER
KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 18, 2006, with Cendy Joslin, Treasurer.

The contents of this report were discussed on September 18, 2006, with James W. Bobe, President of the Board of County Commissioners; and Robert Lechner, President of the County Council.