

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

AUDIT REPORT

OF

COUNTY TREASURER

JOHNSON COUNTY, INDIANA

January 1, 2004 to December 31, 2004



FILED

11/30/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janice Richhart Vacant Rita Sievertson	01-01-01 to 06-30-05 07-01-05 to 07-28-05 07-29-05 to 12-31-08
President of the County Council	Brent Waltz Ron West	01-01-04 to 11-03-04 11-04-04 to 12-31-06
President of the Board of County Commissioners	James Rhoades R.J. McConnell	01-01-04 to 12-31-04 01-01-05 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 JOHNSON COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2004 to December 31, 2004, 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Johnson County for the year 2004.

STATE BOARD OF ACCOUNTS

April 6, 2006

COUNTY TREASURER
JOHNSON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

The Treasurer's office does not have adequate controls over blank check stock. The checks are kept in a locked room in the Treasurer's office. However, all the Treasurer's staff have access to the room at all times. The signature stamp is also kept in the same locked room with the blank check stock. Current procedures are not sufficient to ensure that access to the check stock and stamps are limited to only those employees who should have access. Also, there are not sufficient controls to ensure that other County employees and the general public are not allowed access to areas where cash and other items are kept or being processed. There was a similar comment in the prior Report B25377.

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)

INTERNAL CONTROLS – TAX PAYMENTS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

The Treasurer's office collects large sums of money during the year, especially when property taxes are due. Currently, the computer software only generates only one report per day of the daily tax payments. Cash registers in use also are unable to generate more than one report per day. It is essential that procedures be developed to enable the Treasurer's staff to make more than one deposit of money during days when the amount of money exceeds a predetermined amount.

Internal controls over the mail payments are not sufficient to ensure that all payments are properly accounted for. Mail payments accumulate near the time of the property tax deadline and may not be processed for several days to several weeks. Internal control procedures should be developed to ensure that these payments are kept secure and posted in a timely manner.

Controls over the money on hand at any given point in time from collection to deposit should be reviewed and care taken to ensure that the money is secure at all times prior to deposit at the various banks.

This was also a comment in the prior Report B25377.

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)

COUNTY TREASURER
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 14, 2006, with Janice Richhart, former Treasurer; and with Rita Sievertson, Treasurer.