

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

AUDIT REPORT

OF

COUNTY ASSESSOR

LAPORTE COUNTY, INDIANA

February 7, 2003 to September 15, 2006



FILED

02/09/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Assessor	Carol McDaniel	01-01-03 to 12-31-06
President of the County Council	John W. Jones Jerry Cooley	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Marlow Harmon	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAPORTE COUNTY

We have audited the records of the County Assessor for the period from February 7, 2003 to September 15, 2006, 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 Reports of LaPorte County for the years ended 2003, 2004, and 2005.

STATE BOARD OF ACCOUNTS

October 12, 2006

COUNTY ASSESSOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

CASH COLLECTIONS NOT REMITTED TO AUDITOR

The Assessor's Office collects fees for copies of real estate assessment hard cards. During a discussion with Carol McDaniel, Assessor, on September 26, 2006, she indicated that her office does not accept cash or write receipts. However, based on discussions with other Assessor's office employees, it was determined that the Assessor's office does in fact accept cash for the \$0.50 to \$1.00 per page fee charged and does issue receipts. The Assessor's office will also prepare billing statements for frequent customers and receives most payments by check. The checks received for payment by the Assessor's office are remitted to the Auditor's office monthly with a report of collections. The reports of collections are receipted in by the Auditor and the payment type on the official auditor receipt reflects that only checks were remitted. The cash collected in the Assessor's office has not been remitted to the Auditor's office.

Only three duplicate receipt books were found by the Assessor's office employees which were mostly from 2003, 2 days in 2004, 7 days in 2005, and 35 days in 2006. A few billing statements also noted that cash had been received. The duplicate receipts and billing statements which noted cash payments totaled \$601 of cash was collected by the Assessor's office which was not remitted to the Auditor's office for depositing and posting. Carol McDaniel, Assessor, was requested to reimburse the County \$601. (See Summary, page 13)

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

COPY FEES

The Assessor's office collects fees for copies of real estate assessment hard cards. No fee is charged if the copy is for the property owner. A fee of \$0.50 per page is charged if the copy is provided at the Assessor's office. The fee for faxed or mailed copies is \$1.00 per page. An ordinance establishing the copy fee schedule was not provided for audit.

Indiana Code 5-14-3-8(d) states: "This subsection applies to a public agency that is not a state agency. The fiscal body (as defined in IC 36-1-2-6) of the public agency, or the governing body, if there is no fiscal body, shall establish a fee schedule for the certification, copying, or facsimile machine transmission of documents. The fee may not exceed the actual cost of certifying, copying, or facsimile transmission of the document by the agency and the fee must be uniform throughout the public agency and uniform to all purchasers. As used in this subsection, "actual cost" means the cost of paper and the per-page cost for use of copying or facsimile equipment and does not include labor costs or overhead costs."

INTERNAL CONTROLS OVER BILLING AND RECEIPTING

The Assessor's office collects copy fees of real estate assessment hard cards. The following deficiencies were noted over the collection process of the copy fees:

1. Receipts are not issued for all collections received.
2. Receipts which are used are "generic" receipts and not the proper prescribed receipt form.

COUNTY ASSESSOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

3. Receipts are not always prenumbered, thus accountability for all receipts can not be determined.
4. In the prenumbered receipt books, receipts were noted missing.
5. Receipt books are not used in date order. One book started with July 2003 to November 2003, and then jumped to December 8, 2005, then to January 17, 2006.
6. Receipts for only one day in 2004, May 17, 2005, and December 8, 2005, were noted in the receipts provided even though it was estimated that the office can serve anywhere from 10 to 15 patrons a day. It was stated that once receipt books were completed, the books were probably disposed of.
7. Receipts used were not completed properly, if at all.
8. For frequent customers, the Assessor's office will accumulate several days of copy fees and send out billing statements. The billing statements used are not prenumbered, thus, all billing statements can not be accounted for.
9. The billing statements are not always marked as paid so we were unable to ensure that all collections have been received.
10. The billing statements are sent out when the statement page is full of service dates and not on a regular billing cycle. Thus, billing statements include services provided anywhere between 5 and 432 days after the first service date.
11. The check payments received for the billing statements sent are only remitted to the Auditor's office once a month.

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 Counties, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

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.

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 Counties, Chapter 1)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

COUNTY ASSESSOR
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

TIME RECORDS

John McDaniel, Lincoln Township Trustee/Assessor and process server for the Sheriff, was paid from the County Assessor's General Fund budget for 347 hours for picture taking from May through November on December 2, 2005. The Assessor did not provide timesheets to support the actual hours worked.

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form 99A and/or General Form 99B.

COUNTY ASSESSOR
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2006, with Carol McDaniel, Assessor. The official response has been made a part of this report and may be found on pages 8 through 12.

November 7, 2006

State Board of Accounts
Attention: Doug Wiese
227 West Jefferson Blvd
Room 806
South Bend IN 46601-1830

Re: Audit of LaPorte County Assessor

Dear Mr. Wiese:

Thank you for permitting this correspondence to serve as the response of the LaPorte County Assessor's Office to the Report of the State Board of Accounts and the concerns noted over a few procedures of our office. Please be advised that our office stands willing and ready to work with your office in ensuring all tasks performed by our office occur in a manner consistent with the expectations of the Board of Accounts, and certainly welcome the assistance of the Board in implementing any modifications or additions to our procedures in order to accomplish that goal.

As I had indicated to the Board, when I first took office in 2003, I was not advised that it was necessary for our office to maintain formal receipts and/or billing statements regarding photocopies of hard cards, nor was I made aware that there were State forms to utilize for this. It was my understanding that my predecessor had used index cards as a type of informal billing/receipting record keeping practice. As such, I was never made aware that a formal keeping of receipts, payments or billing statements was necessary. However, having been made aware of the importance of keeping more detailed and easily accessible records, my office will certainly strive to maintain all such information in a more organized fashion, so that same can be easily retrieved when needed and provide a better documentary record of payments and/or collections received by our office.

In addition, our office had not been made aware that older receipt books or records of payments or collections were to be maintained for any specific length of time, and as such, certain older payment books may have inadvertently been purged or disposed of. However please be advised that we will now be maintaining all such information, as prescribed, in an easily accessible and retrievable format, and disposal of any outdated information shall occur pursuant to appropriate statutory requirements.

With respect to the fees for the copying of real estate assessment hard cards, it was my understanding upon taking office in 2003 that LaPorte County had no official policy or

ordinance with respect to the amount charged for this service. In fact, in the 12 years prior to my taking office, Those fees had been set at \$1.00 per page if the copy was provided at our office and \$2.00 per page for faxed or mailed copies. Upon taking office, I felt these fees were too high, and therefore lowered them to \$0.50 and \$1.00 per page respectively. I was never informed that an ordinance was required with respect to this, but certainly will work with our county officials and your office on the drafting of and implementation of one, if same is necessary.

With respect to the money collected by our office, as I advised, any checks for amounts collected are provided to the Auditor's office with a report of collections. With respect to cash collected, those payments are maintained in our office and consistent with the past practice and procedure of our office, which commenced well prior to my taking office, that cash is utilized for miscellaneous expenses of the Assessor's office, as well as the annual holiday party for the employees. Again, these are practices and procedures that were implemented and followed prior to my taking office, and I simply continued these practices upon taking office.

Finally, with respect to the concerns over the hours worked by Mr. John McDaniel and the records for same, please be advised that my office did provide records of monthly hours to the Auditor's office which documented the hours, amounts and what work had been performed. I was never advised that this was in any way insufficient or that those hours should be submitted in a different manner. However, having been advised by your office of the need for same, our office will make sure that all such hours submitted will comply with the requirements for those submissions.

I trust the foregoing is responsive to the suggestions your office had provided for improving the efficiency and day-to-day operations of the LaPorte County Assessor's Office. I certainly appreciate the time the Board invested in bringing its concerns to our attention so that we can take the steps necessary to improve those areas and better serve the citizens of LaPorte County.

As stated earlier, my office looks forward to working with the State Board of Accounts in order to address the concerns noted in the Audit. Should you have any further questions or concerns or require anything further, please do not hesitate to contact me.

Sincerely yours,



Carol McDaniel
LaPorte County Assessor



*LaPorte County Assessor
Carol L. McDaniel
Level II Assessor / Appraiser
Circuit Court House
813 Lincolnway, Suite 201
LaPorte, IN 46350-3489*

*Chief Deputy
Judy Anderson*

February 2, 2007

Dear Paul,

Enclosed is a copy of the check and receipt that you have requested. I am totally apposed to this, for the way the auditor and treasurer set me up.

Paul, As I had indicated to the Board, when I first took office in 2003, I was not advised that it was necessary for our office to maintain formal receipts and/or billing statements regarding photocopies of hard card, nor was I made aware that there were State forms to utilize for this. It was my understanding that my predecessor had used index cards as a type of informal billing/receipting record keeping practice. As such, I was never made aware that a formal keeping of receipts, payments or billing statements was necessary. However, having been made aware of the importance of keeping more detailed and easily accessible records, my office will certainly strive to maintain all such information in a more organized fashion, so that same can be easily retrieved when needed and provide a better documentary record of payments and/or collections received by our office. Again, these were the practices and procedures that were implemented and followed prior to my taking office. I am willing to work with you and State Board of Accounts in any other changes you would like to see.

Sincerely Yours,

Carol McDaniel
LaPorte County Assessor

February 2, 2007

Quietus

Receipt No: 081526

Issued To: CAROL MCDANIEL
Six Hundred One and No/100 dollars

Total: \$*****601.00

On Account Of: PER STATE BOARD OF ACCOUNTS

Comment: RJL

Payment Types:

601.00 Cash
Check
Credit Card

Money Order
EFT
Other

Bank: 005 Horizon

Project:

Amount	Budget Account Code	Fund Description
601.00	100.01033.000.100	General Fund

Account Description	Notes:
County Assessor Copy Coll.	

Teresa M. Shuter, Auditor

COUNTY ASSESSOR
LAPORTE COUNTY
SUMMARY

	Charges	Credits	Balance Due
Carol McDaniel, Assessor:			
Cash Collections Not Remitted to Auditor, page 4	\$ 601	\$	\$
Paid by Carol McDaniel, February 2, 2007			
Receipt No. 81526		601	-
 Totals	\$ 601	\$ 601	\$ -