

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

AUDIT REPORT
OF
COUNTY SHERIFF
FLOYD COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
08/21/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Randy Hubbard	01-01-03 to 12-31-06
	Darrell Mills	01-01-07 to 12-31-10
President of the County Council	Ted F. Heavrin	01-01-06 to 12-31-06
	Larry McAllister	01-01-07 to 12-31-07
President of the Board of County Commissioners	Charles A. Freiburger	01-01-06 to 12-31-06
	Stephen A. Bush	01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF FLOYD COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2006 to December 31, 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 Report of Floyd County for the year 2006.

STATE BOARD OF ACCOUNTS

July 18, 2007

COUNTY SHERIFF
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS

TIMELY RECORDKEEPING

We noted instances of up to 19 days from the time of the original date of certain transactions until entry on the records. Timely recording of financial transactions is necessary to avoid substantial risk of invalid transactions and inaccurate records.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

TAX WARRANTS

The Floyd County Sheriff (Sheriff) receives numerous outstanding tax warrants for collection from the Indiana Department of Revenue. The Sheriff receives 10% of the collected amount. Under the terms of the Sheriff's contract with the County, the fees received for these collections were to be placed in the County's General Fund. The Sheriff was making no attempt to collect on these outstanding tax warrants during the current audit period.

Indiana Code 6-8.1-8.3 states in part: "The county sheriff of a county shall attempt to levy on and collect a judgment arising from a tax warrant in that county for a period of one hundred twenty (120) days from the date the judgment lien is entered, unless the sheriff is relieved of that duty at an earlier time by the department . . . During the period that the sheriff has the duty to collect a tax warrant, the sheriff shall collect from the person owing the tax, an amount equal to the amount of the judgment lien plus the accrued interest to the date of the payment . . . If the sheriff has entered a salary contract under IC 36-2-13-2.5. The sheriff shall deposit in the county general fund the part of the collections that represents the ten percent (10%) collection fee added under section 2(b) of this chapter . . ."

OVERPAYMENT OF COMPENSATION

During the review of payroll procedures, it was noted that one employee was overpaid on payroll ending December 29, 2006. The Employee's Service Record showed the employee had no leave balances. The Employee's Time Card showed three days (24 hours) worked. The Shift Commander's record of time worked submitted with the payroll for this period showed the employee was to be paid for 24 hours. The overpayment occurred when the person preparing the Payroll Schedule and Voucher disregarded the Employee's Service Record, the Employee's Time card, and the Shift Commander's record of time to be paid, and paid the employee for 80 hours instead of the 24 hours actually worked.

The overpayment was resolved in 2007 by using the County policy for transfer of unused sick days to another county employee who has used up all of their sick leave.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 of Indiana, Chapter 1)

COUNTY SHERIFF
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

Receipts were not always issued timely, and in some instances, never issued. There were also instances of receipts being written and recorded in the month following the receipt of the monies.

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 of Indiana, Chapter 1)

CONDITION OF RECORDS

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

- (1) Record balances of the Commissary/Inmate Trust accounts were not reconciled to depository balances during the months of June and July 2006.

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."

- (2) There were a considerable number of posting errors. These errors included deposits not receipted, and checks and receipts not recorded in the records in a timely manner.

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 of Indiana, Chapter 1)

- (3) There were numerous instances noted of money being deposited into the wrong accounts. Sheriff's trust monies were deposited into the Commissary/Inmate Trust account and vice versa. In most cases, these were corrected by bank transfers between the two accounts. There were other instances where transfers were made between the two accounts with no explanations given.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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 of Indiana, Chapter 1)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
FLOYD COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

SERVICE AND TIME RECORDS

Employee service records of the Sheriff's Department, presented for audit in February 2007, were not yet completed for the year 2006. This record is required to be kept by each office or department to support the preparation of payrolls. A separate form shall be kept on a calendar year basis for each employee. The record is designed to show for each calendar date whether the employee worked, was absent, or was on vacation, sick or other authorized leave.

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 of Indiana, Chapter 1)

COUNTY SHERIFF
FLOYD COUNTY
EXIT CONFERENCE

The contents of this report were discussed by phone on June 27, 2007, with Randy Hubbard, former Sheriff.

The contents of this report were discussed on July 18, 2007, with Darrell Mills, Sheriff. The official concurred with our audit findings.

The contents of this report were discussed on July 18, 2007, with Teresa A. Plaiss, Auditor; Stephen A. Bush, President of the Board of County Commissioners; and Larry McAllister, President of the County Council.