

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

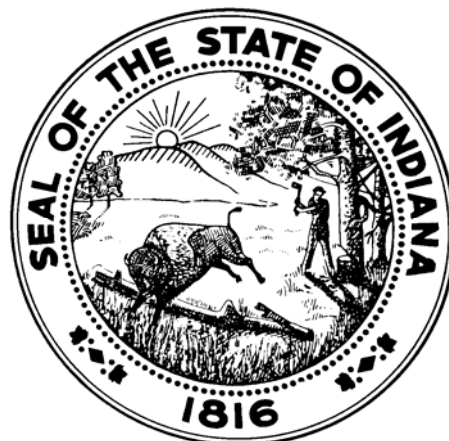
AUDIT REPORT

OF

COUNTY AUDITOR

PUTNAM COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

10/24/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Tax Sale Surplus Fund Reconciliation	4
Tax Sale Redemption Fund Reconciliation.....	4
Internal Controls – Payroll Deductions	4
Budgeted Line Items	5
Overdrawn Fund Balances	6
Exit Conference.....	7
Official Response	8

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Stephanie Campbell	01-01-05 to 12-31-08
President of the County Council	Mitchell Proctor	01-01-06 to 12-31-07
President of the Board of County Commissioners	Dennis O'Hair Kristina Warren	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF PUTNAM COUNTY

We have audited the records of the County Auditor 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 Putnam County for the year 2006.

STATE BOARD OF ACCOUNTS

August 2, 2007

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

TAX SALE SURPLUS FUND RECONCILIATION

The Tax Sale Surplus Fund detail is \$43,906 greater than the cash balance control account. Posting errors were not discovered in a timely manner because reconcilements were not made between the subsidiary ledgers and the control account. An overpayment of \$33,716 made in 2003 has been identified in the current audit and the vendor has been contacted to obtain reimbursement. The remaining difference has been identified as posting errors.

At all times, the manual and 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 County Auditors, Chapter 14)

TAX SALE REDEMPTION FUND RECONCILIATION

After correcting identified prior years' posting errors, the Tax Sale Redemption Fund has a negative balance of \$8,657. Posting errors were not discovered in a timely manner because reconcilements were not made between the subsidiary ledgers and the control account. An overpayment of \$1,699 made in 2003 has been identified in the current audit and the vendor has been contacted to obtain reimbursement. The remaining difference is unidentified.

At all times, the manual and 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 County Auditors, Chapter 14)

INTERNAL CONTROLS - PAYROLL DEDUCTIONS

Controls for the proper computer input of employee payroll withholdings and vendor payments are insufficient. Health insurance payroll withholdings were less than the amount billed and remitted by the County for several employees. Some amounts were incorrect because they were based on 27 pay periods instead of 26. Some employees increased coverage and cost but their withholdings were not adjusted in the computer to reflect the change. One instance was noted where the County paid for health insurance coverage for six months beyond the termination date of an employee. These errors resulted in insufficient collections to cover amounts billed by the insurance company. The County recalculated withholdings for the period of January 2005 to June 2007 to be approximately \$6,100 less than the amount billed. Employees identified as having underpaid will have excess withholdings on future payroll deductions to recover the underpayments.

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 Auditors, Chapter 14)

COUNTY AUDITOR
 PUTNAM COUNTY
 AUDIT RESULTS AND COMMENTS
 (Continued)

BUDGETED LINE ITEMS

The following disbursements were made from improper budgeted line items:

A tax sale property was redeemed by the owner in 2006. The purchaser of the property paid title search and attorney fees totaling \$320 documented on Form 137B "Statement of Costs Paid on Tax Sale Property." Form 137B was presented to the County Auditor subsequent to the redemption. The County Auditor was not required to collect these costs from the owner or pay them to the purchaser because they were not presented prior to the redemption. The County Auditor reimbursed these costs to the purchaser from the General Fund. Reimbursements for Form 137B expenses were paid to the purchaser from the Per Diem/Conferences line item of the County Auditor's budget as an emergency claim.

Insurance costs that should have been paid from the Property and Casualty Insurance line item of the County Commissioner's budget were paid from the following line items:

Unemployment Compensation Benefit	\$ 28,007
PERF Benefit	10,392
Medicare Benefit	1,000
Social Security (FICA) Benefit	3,000
Change of Venue	482
Inspectors and Miscellaneous Services	1,000
Telephone	1,000
Bonds	311
Veteran Markers and Flags	812

Donations without a budgeted line item were paid as follows:

Humane Society	\$ 208	from PERF Benefit
Humane Society	292	from Unemployment Compensation Benefit
Putnam County Museum	1,000	from Unemployment Compensation Benefit
Putnam County Comprehensive Services	1,000	from Unemployment Compensation Benefit
Putnam County Senior Center	3,000	from Telephone
Putnam County Fair Board	1,500	from Burial of Soldiers

Other disbursements made without properly budgeted line items include a \$2,222 matching grant to Putnam County Youth paid from Unemployment Compensation Benefit and contract payments to Maximus of \$7,250 paid from Social Security (\$1,500) and Unemployment Compensation Benefit (\$5,750) line items.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

At December 31, 2006, the following funds had overdrawn fund balances:

Local Health Maintenance	\$	815
Phoenix Community Corrections		20,214
Victims Assistance		5,640
Bioterrorism Coordinator Grant		5,218
State Homeland Security Program		14,708
Indiana Department of Homeland Security		11,250
Payroll Withholdings (Health Insurance Fund)		177,685

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2007, with Stephanie Campbell, Auditor. The official response has been made a part of this report and may be found on page 8.



PUTNAM COUNTY AUDITOR
STEPHANIE CAMPBELL

August 2, 2007

State Board of Accounts
Attn: Sharon Coopriders
100 N Senate Ave.
Room E418, 4th Floor
Indianapolis, IN 46204

RE: Tax Sale 2003 Pensco

Dear Ms. Coopriders:

It was brought to our attention by you during our audit this year that a duplicate payment was made to Pensco regarding the 2003 tax sale. Since that time we have made several attempts to contact and retrieve the money.

We first contacted them by mailing a letter on May 31, 2007 to the address on the tax sale paperwork. The letter was returned because the address was no longer valid. I went online and found information regarding the company. On June 12, 2007 a fax was sent to the company. On June 18, 2007 a call was made to Pensco explaining the duplicate payment. The individual took a message and was going to pass it on to the appropriated person. We have still not heard from anyone. We have made several attempts to reach them.

We will continue our attempts to contact a person with Pensco that has the authority to return the money overpaid back to the county. If our additional attempts fail then the County Attorney, Scott Hoff, will be contacted and we will pursue Pensco through legal action.

Sincerely,

Stephanie Campbell
Putnam County Auditor