

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

EXAMINATION REPORT
OF
COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
12/20/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Prosecuting Attorney	Jason M. Mount	01-01-05 to 12-31-10
President of the County Council	Stephan Patrick Bridgewater Kelley Robbins	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the Board of County Commissioners	Mark Hays Robert C. Tobias	01-01-06 to 12-31-06 01-01-07 to 12-31-07



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TO: THE OFFICIALS OF SCOTT COUNTY

We have examined the records of the County Prosecuting Attorney 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Scott County for the year 2006.

STATE BOARD OF ACCOUNTS

November 20, 2007

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS

FISCAL ADMINISTRATION OF FUNDS

The County appropriates monies for arson and prosecutor investigations from the General Fund. During the course of the year, the Board of County Commissioners authorizes payments to the Prosecuting Attorney's office. The payments represent distribution of monies based upon the amount appropriated and are not based upon actual claims with itemized supporting documentation. The Prosecuting Attorney has established a separate checking account to deposit the distributions and to pay expenses related to arson and prosecuting attorney investigations.

The above process results in specific expenditures incurred by the Prosecuting Attorney's office not being audited by the County Auditor, not being disbursed by the County Treasurer and not being approved by the Board of County Commissioners.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 36-2-10-9 regarding the duties of the County Treasurer states: "The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor."

As of June 1, 2007, the cash balances of funds maintained by the Prosecuting Attorney were as follows:

Prosecutor Investigation Fund	\$ 3,075.90
Scott County Fire Investigation Fund	1,225.14

We recommended the balances in the above funds be transferred to the County Treasurer.

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

CONDITION OF RECORDS

The Prosecuting Attorney's Office maintains five separate funds: Prosecutor's Investigation Fund, Scott County Fire Investigation Fund, Old Bad Check Fund, New Bad Check Fund, and Bad Check Fund 2005. The three bad check funds are collectively referred to as the Prosecuting Attorney's Bad Check Fund. The collective bad check funds represent monies collected by the Prosecuting Attorney's Office on behalf of local merchants for payments made by customers for which there were not sufficient funds in the customer's bank accounts to cover the checks issued. The Prosecutor's Investigation Fund and the Scott County Fire Investigation Fund represent monies maintained by the office to pay for expenses involving investigations conducted by the office. Financial records for these funds were not properly maintained. Deficiencies noted relating to the financial records for these funds are as follows:

1. A ledger of receipts, disbursements and balances, General Form 358, was not maintained for the Old Bad Check Fund, New Bad Check Fund, Prosecutor's Investigation Fund, and Scott County Fire Investigation Fund. A ledger of receipts, disbursements and balances was maintained for the Bad Check Fund 2005; however, numerous errors were noted in the posting of transactions and information posted was incomplete.

Official 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)

2. A detailed record was not maintained for the Old Bad Check Fund and the New Bad Check Fund identifying to which merchants the money was owed. As of December 31, 2006, the Old Bad Check Fund and the New Bad Check Fund had balances of \$811 and \$15,176.

Detailed subsidiary records identifying to whom money is owed in the Bad Check Fund 2005 were maintained; however, the records were incomplete and did not reconcile with the depository account balance. At December 31, 2006, a difference of \$2,736 existed between the detailed subsidiary records and the depository account balance which prevented proper identification of parties to whom the monies belong and the amounts owed to cash.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledgers, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledger, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Manual for Counties of Indiana, Chapter 1)

3. Record balances were not reconciled to depository balances for the Old Bad Check Fund, New Bad Check Fund, Bad Check Fund 2005, Prosecutor's Investigation Fund, and Scott County Fire Investigation Fund.

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."

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

4. Collections were not deposited timely for the Bad Check Fund 2005 and the Scott County Fire Investigation Fund. A review of receipts for the Bad Check Fund 2005 noted instances in which receipts were deposited up to 60 days after the issuance of the receipts. A comparison of the dates funds were disbursed by the County for receipt into the Scott County Fire Investigation Fund to dates of the actual bank deposits for the fire investigation fund revealed some funds were not deposited for up to two months after they were received.

Indiana Code 5-13-6-1(c) states in part: "All local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository or depositories selected by the . . . local board of finance . . ."

5. Due to the condition of records, we were unable to determine whether disbursements made from the collective bad check funds were made to the proper individuals and for the proper amounts.
6. Proper accountability of funds could not be determined for the Scott County Fire Investigation Fund as supporting documentation such as receipts/invoices and cancelled checks were not presented for examination to support all of the disbursements made. There were instances made in which gift cards were purchased that were to be used for gas purchases; however, documentation was not presented for examination that provided evidence of gas purchases used with the gift cards. Bank statements and cancelled checks for three months were not presented for examination to provide verification that that checks actually issued agreed with record information on file.

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 Manuals for Counties of Indiana, Chapter 1)

The failure to properly maintain financial records is a persistent problem as similar comments were made in the 2003, 2004, and 2005 County reports.

COUNTY PROSECUTING ATTORNEY
SCOTT COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 20, 2007, with Jason M. Mount, Prosecuting Attorney; and Robert C. Tobias, President of the Board of County Commissioners.