

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

AUDIT REPORT

OF

COUNTY AUDITOR

GRANT COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**

09/25/2008



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michael H. Burton	01-01-07 to 12-31-10
President of the Board of County Commissioners	Mark E. Bardsley	01-01-07 to 12-31-08
President of the County Council	Mike Scott	01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GRANT COUNTY

We have audited the records of the County Auditor for the period from January 1, 2007 to December 31, 2007, 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 Grant County for the year 2007.

STATE BOARD OF ACCOUNTS

August 26, 2008

COUNTY AUDITOR  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS

RECORD INFORMATION

Quietus' were not always posted to the ledger on the date issued. Some correcting entries were dated the date of the original transaction rather than the date the correction was made.

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 County Auditors, Chapter 14)

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 County Auditors, Chapter 14)

INTERNAL CONTROLS OVER PAYROLL

Employee's Service Records (Form 99A) were not properly maintained for all employees of the County. A few offices maintain service records but do not submit the information to the County payroll department. In the other offices employees maintain their own service record but the records are not approved by any supervisor or office holder and are not submitted to the County payroll department. A number of service records tested contained incorrect balances, incorrect amounts earned, or did not calculate and extend balances for the various types of leave.

Some departments are accruing 40 days of sick leave and adding an additional 10 days as of January 1 of each year. Some departments are also adding vacation and personal leave as of January 1 of each year. The policy states employees are to accrue a maximum of 40 days sick time and also states that vacation and personal time accrue on the employee's anniversary date.

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 Counties, Chapter 14)

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 14)

APPROPRIATIONS

During 2007, the Local Road and Street Fund expenditures exceeded budgeted appropriations by \$134,983.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

COUNTY AUDITOR  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

REPAYMENTS

A payment of \$49,492 was made on July 22, 2004, from the Drainage Maintenance Fund for a debt payment which was an obligation of the General Drain Improvement Fund. On May 25, 2005, a payment of \$66,000 was made from the Drainage Maintenance Fund for a debt payment which was an obligation of the General Drain Improvement Fund. The Drainage Maintenance Fund has not been reimbursed for either of these payments. A similar comment appeared in prior Report B30633.

Payments or transfers which are not authorized by statute, ordinance, resolution, or court order must be reimbursed or transferred to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

RECONCILIATION OF SUBSIDIARY LEDGERS - AMOUNTS HELD IN TRUST

Reconcilements were not made between the subsidiary ledgers and fund ledgers for Surplus Tax, Tax Sale Surplus, and Tax Sale Redemption at December 31, 2007. The subsidiary ledgers list in detail each item held in trust. The control ledgers maintain activity and balances for the financial statements. A similar comment also appeared in prior Report B30633.

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 Counties, Chapter 14)

CAPITAL ASSETS

The County did not maintain a complete record of capital assets using the Capital Asset Ledger. The Capital Asset Ledger did not contain amounts for buildings owned by the County.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 14)

COUNTY AUDITOR  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2008, with Michael H. Burton, Auditor. The official concurred with our audit findings.

The contents of this report were also discussed on August 26, 2008, with Mike Scott, President of the County Council; and Mark E. Bardsley, President of the Board of County Commissioners.