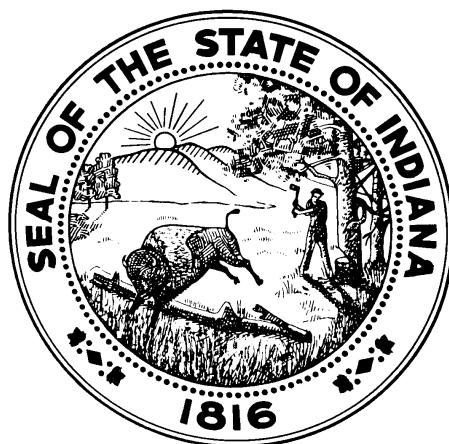


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
COUNTY AUDITOR
MONTGOMERY COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
09/26/2008

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jeff Dossett Michelle R. Cash	01-01-07 to 10-15-07 10-16-07 to 12-31-10
President of the County Council	Don Peterson James D. Fulwider	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	William McCormick Harry A. Siamas	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MONTGOMERY 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 Montgomery County for the year 2007.

STATE BOARD OF ACCOUNTS

August 12, 2008

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

The Auditor's office provided a salary ordinance for 2007 but it did not list individual positions with their salaries. Instead it listed totals for all employees under each classification. One Sheriff's Department employee was paid \$1,000 in rank pay when the salary ordinance states that rank pay is \$500. Two Sheriff's Department employees were paid cash for accumulated comp time on the December 20, 2007, pay period. The employees were paid 90 hours and 80 hours, respectively. This caused their pay to exceed the salary ordinance.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

PRESCRIBED FORMS

The Payroll Clerk used Form 99 (Payroll Schedule and Voucher) for each department but the department heads signed the vouchers before the pay period was worked.

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 County Auditors of Indiana, Chapter 14)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The County did not have state and federal withholding authorizations in the personnel files for 23 of 60 files tested.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

- (1) Of 57 claims reviewed, 15 claims did not have authorizing signatures.
- (2) Of 67 claims reviewed, 5 claims did not have adequate board approval. Due to conflicts of interest with one claim included on the docket, board members abstained from signing the entire claims docket.
- (3) Of 67 claims reviewed, 1 claim was not properly itemized.

Indiana Code 5-11-10-1.6(c) states in part: "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."

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
General (0101)	2007	\$ 932,496
Highway (0702)	2007	141,028
Local Road and Streets (0706)	2007	566,618
Cum Bridge (0790)	2007	125,680

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."

CREDIT CARDS

The Sheriff's Department and several departments in the Court House are using credit cards to purchase items without a credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

COUNTY AUDITOR
MONTGOMERY COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the Board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
MONTGOMERY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 12, 2008, with Harry A. Siamas, President of the Board of County Commissioners; James D. Fulwider, President of the County Council; Michelle R. Cash, Auditor; and Jeff Dossett, former Auditor.