

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

EXAMINATION REPORT

OF

COUNTY AUDITOR

BENTON COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED

11/05/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Errors on Claims	4
Payroll Fund.....	4
Compensation and Benefits	4
Annual Report.....	5
Reconciliation of Subsidiary Ledgers - Drainage Funds	5
Public Records Retention	5
Cash Overdraft	5
Auditor Funds Ledger and Treasurer Cash Funds Not in Agreement.....	6
Reconciliation of Subsidiary Ledgers - Surplus Tax Collections	6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Joan Schluttenhofer	01-01-05 to 12-31-08
President of the County Council	Bruce Buchanan	01-01-07 to 12-31-08
President of the Board of County Commissioners	Mel A. Budreau	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF BENTON COUNTY

We have examined the records of the 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Benton County for the year 2007.

STATE BOARD OF ACCOUNTS

September 16, 2008

COUNTY AUDITOR
BENTON COUNTY
EXAMINATION RESULTS AND COMMENTS

ERRORS ON CLAIMS

The following deficiencies were noted of 53 claims reviewed during the examination period:

- (1) Four claims were not prepared for disbursements.
- (2) One claim was not signed by the department head as having received the goods or services.
- (3) One claim was paid from a statement.
- (4) One claim was paid from the wrong fund.

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

PAYROLL FUND

Controls for the Payroll Fund are insufficient. It was noted within the Payroll Fund that 6 of 15 accounts had negative balances; that there were accounts for programs no longer in use by the County, and that other accounts had unexplained excess balances. There was a net unidentified excess in the fund of \$92.22.

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, Chapter 1)

COMPENSATION AND BENEFITS

The 2007 salary and wages ordinance does not indicate hourly rates for non-salaried employees. For the non-salaried positions the ordinance lists the total annual amount for that job classification. For example, all truck drivers were listed as one item with a total annual amount for wages.

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 14)

COUNTY AUDITOR
BENTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORT

An annual report for Benton County was not presented for examination.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

RECONCILIATION OF SUBSIDIARY LEDGERS - DRAINAGE FUNDS

Posting errors were not discovered in a timely manner because reconcilements were not made between the subsidiary ledgers, the control page and the Auditor's Fund ledger. The Drain Maintenance detail balance was \$22,206 more than the control page and Auditor's Fund ledger. The Drain Improvement detail balance was \$15,011 lower than the control page amount of \$713,859 and \$3,102 higher than the Fund ledger amount of \$695,746. The Auditor's Fund ledger does not reconcile to the bank for these two funds.

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 Auditors, Chapter 14)

PUBLIC RECORDS RETENTION

Payroll distribution reports, which present payroll distributions by fund and department, were not presented for examination.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

CASH OVERDRAFT

At December 31, 2007, the Collection Agency Fees, Surplus Dog, Homeland Security Grant 04#1 and 05-SHSP Funds had cash overdraft balances of \$14, \$10, \$295, and \$201, respectively.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
BENTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

AUDITOR FUNDS LEDGER AND TREASURER CASH FUNDS NOT IN AGREEMENT

The County Treasurer's monthly report for the funds ledger total did not agree with the County Auditor's funds statement. The County Auditor's funds ledger was \$70,405.70 higher than the amount reported in the County Treasurer's cash book at year end. We requested the Auditor and Treasurer investigate and correct errors and omissions in the records and make necessary adjustments to reconcile the funds ledgers.

At all times, the manual and/or 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 of Indiana, Chapter 14)

RECONCILIATION OF SUBSIDIARY LEDGERS - SURPLUS TAX COLLECTIONS

Posting errors were not discovered in a timely manner because reconcilements were not made between the surplus tax collections subsidiary ledger and the fund control account. Differences were the result of payments recorded incorrectly and paid from the wrong fund. Surplus tax collections of \$7,469.35 were incorrectly paid from the General Fund. After the Surplus Tax Fund reimburses the General Fund, the subsidiary ledger will still be \$4,521.35 more than the fund control. The subsidiary ledger also contains \$3,444.07 of funds over three years old which should be transferred to the General Fund.

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 of Indiana, Chapter 14)

Indiana Code 6-1.1-26-6(c) states: "If an excess payment is not claimed within the three (3) year period after November 10 of the year in which the payment was made and the county treasurer has given the written notice required under subsection (d), the county auditor shall transfer the excess from the surplus tax fund into the general fund of the county. If the county treasurer has given written notice concerning the excess under subsection (d), the excess may not be refunded under subsection (a) after the expiration of that three (3) year time period."

COUNTY AUDITOR
BENTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2008, with Mel A. Budreau, President of the Board of County Commissioners; and Joan Schluttenhofer, Auditor. The officials concurred with our examination findings.