

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

AUDIT REPORT

OF

COUNTY AUDITOR

LAWRENCE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

08/17/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Billie J. Tumey	01-01-05 to 12-31-12
President of the County Council	Mike Branham Keith Dillman	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	David A. Flinn Christopher May	01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
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TO: THE OFFICIALS OF LAWRENCE COUNTY

We have audited the records of the County Auditor for the period from January 1, 2008 to December 31, 2008, 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 Lawrence County for the year 2008.

STATE BOARD OF ACCOUNTS

July 28, 2009

COUNTY AUDITOR
LAWRENCE COUNTY
AUDIT RESULTS AND COMMENTS

RECONCILIATION OF SUBSIDIARY LEDGERS

Reconcilements were not made between the Treasurer's Monthly Financial Statement, Form 61, and the Auditor's Monthly Financial Statement, Form 61. On December 31, 2008, the Treasurer's records had a balance of \$29,078.13 more than the Auditor's Ledger.

The sum of the payroll withholding subaccount balances do materially agree with the control total as of December 31, 2008, but the individual withholding account balances do not reconcile to zero as of December 31, 2008.

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, Chapter 14)

OVERDRAWN FUND BALANCES

The Health Fund (\$10,059), the National Forest Fund (\$2,263), the Safe Haven NLCS Grant Fund (\$2,713), the JDAP Fund (\$7,899), the Victim Assistance Fund (\$19,389), and the HEA State Homeland Credit Fund (\$20,254) were overdrawn in 2008.

The cash 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, Chapter 14)

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>
Courthouse Lease Rental	2008	<u>\$ 681</u>

IC 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."

TAX SALE SURPLUS FUNDS

The County was holding \$18,152.96 in Tax Sale Surplus, at December 31, 2008, which has been held for more than three years.

COUNTY AUDITOR
LAWRENCE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 6-1.1-24-7(d) states: "An amount deposited in the tax sale surplus fund shall be transferred by the county auditor to the county general fund and may not be disbursed under subsection (b) if it is not claimed within the three (3) year period after the date of its receipt."

RECONCILIATION OF DETAILED EXCESS SURPLUS TAX LISTS TO FUNDS LEDGER

Surplus Tax Funds were not handled properly. The Surplus Tax Detail List was not reconciled to the amount in the Surplus Tax Funds in the Auditor's Ledger. The balance in the Surplus Tax line in the Treasurer's Daily Cash Book and the Auditor's Ledger was \$9,290.98 more than the amount in the Surplus Tax Detail List.

The Auditor's Surplus Tax Detail List contains excess payments that have not been claimed within the required three year period. The Auditor should have transferred \$52,226.07 that have not been claimed from the 2004 pay 2005 and 2005 pay 2006 tax payments.

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, Chapter 14)

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, the county auditor shall transfer the excess from the surplus tax fund to the general fund of the county. If the county treasurer has given written notice concerning the excess, the excess may not be refunded after the expiration of that three (3) year time period. [IC 6-1.1-26-6(c)] (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter 9)

COMPENSATION AND BENEFITS

During the audit period, a probation officer was paid based on an order made by the Lawrence County Circuit Court Judge. The amount of the salary in the order exceeded the amount of pay for a probation officer set in the salary ordinance adopted by the County Council.

IC 36-2-16.5-4 states: "The county, city or town fiscal body shall fix the salary of a probation officer based on the salary schedule adopted under this chapter."

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, Chapter 18)

COUNTY AUDITOR
LAWRENCE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

During the audit period, some employees received additional compensation for performing other duties and were paid on vendor claims as independent contractors. A review of IRS regulations seems to indicate that these individuals do not meet the qualifications of an independent contractor and should be treated as employees of the County, and therefore be compensated through the County's payroll system.

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 County Auditors, Chapter 14)

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 County Auditors, Chapter 14)

COUNTY AUDITOR
LAWRENCE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2009, with Billie J. Tumey, Auditor, and Christopher May, President of the Board of County Commissioners. The official response has been made a part of this report and may be found on pages 8 and 9.

LAWRENCE COUNTY AUDITOR

BILLIE TUMEY
916 15TH STREET, ROOM 28
BEDFORD, IN 47421

July 29, 2009

Official Response to the 2008 State Board of Accounts Auditor Audit Results and Comments

RECONCILIATION OF SUBSIDIARY LEDGERS

1. Reconcilements were not made timely with the Treasurer due to the Treasurers lack of understanding on how to process receipts in the funds software and process reports.
2. The payroll issue mainly has to do with insurance deductions and the funds software. We have been working with the software vendor to correct the problem but due to the various accounts it has been difficult. All funds are accounted for just in different sub-accounts.

OVERDRAWN FUND BALANCES

The Victim Assistance Grant, the National Forrest Grant, Safe Haven NLCS Grant Fund, JDAP Fund and Victim Assistance Funds are all reimbursable funds and the distributions are not received timely from state and local agencies.

HEA State Homeland Credit Fund was overdrawn due to the directive of the State Auditor; it is to be credited with the 2008 pay 2009 tax collections settlement.

The Health Fund was overdrawn due to the drop in collections to the department. We honored all payroll claims and will be addressing the funding issues.

APPROPRIATIONS

We inadvertently missed calculating a fee due in the Courthouse Lease Rental Fund and should have obtained an additional to cover the \$681 excess expenditure.

TAX SALE SURPLUS FUNDS

We missed the transfer of excess funds to the general fund due to the late tax sale in 2008. All funds are accounted for in the surplus fund but can be transferred to the general fund.

RECONCILIATION OF SURPLUS TAX

The Treasurer has not printed her surplus tax report and balanced it at the correct time in the last few years, in doing that we have had to be very careful in not disbursing the funds a second time. We have been working on our part of the procedure to insure no taxpayer is denied payment of their surplus tax.

SALARY ORDINANCE

As County Auditor, I will follow a court order as directed by the court.


Billie Tumey
Lawrence County Auditor