

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

EXAMINATION REPORT  
OF  
COUNTY AUDITOR  
TIPTON COUNTY, INDIANA  
January 1, 2009 to December 31, 2009



**FILED**  
12/07/2010



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Examination Results and Comments:	
Penalties, Interest, and Other Charges .....	4
Fund for E911 Fees .....	4-5
Credit Cards.....	5-6
Donations.....	6
Exit Conference.....	7
Official Response .....	8

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Suzanne C. Alexander	01-01-07 to 12-31-10
President of the County Council	Phillip B. Nichols	01-01-09 to 12-31-10
President of the Board of County Commissioners	Ken Ziegler	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TIPTON COUNTY

We have audited the records of the County Auditor for the period from January 1, 2009 to December 31, 2009, 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 Tipton County for the year 2009.

STATE BOARD OF ACCOUNTS

September 7, 2010

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$1,121.12 were paid to the Internal Revenue Service on July 3, 2009, for the 4th quarter ending December 31, 2008.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest, or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

FUND FOR E911 FEES

Fees (commonly known as E911 fees) are received for the enhanced emergency telephone system and the enhanced wireless emergency telephone service. The County is to maintain these fees in a separate fund. We found that revenues from both enhanced emergency telephone system and enhanced wireless emergency telephone service were receipted to separate funds, but then transferred to a Joint Dispatch Center Fund which combined the two fees into one fund that accounts for the E911 fees. The Joint Dispatch Center Fund is also funded by contributions from the City of Tipton and Tipton County. Not maintaining a separate fund for these fees results in an internal control weakness over the ability to ensure that the fees are expended as required by statute. We recommend that the E911 fees be maintained in a separate fund.

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 County Auditors of Indiana, Chapter 6)

IC 36-8-16-13 states:

"A county treasurer or municipal fiscal officer to whom enhanced emergency telephone system fees are remitted under section 12 of this chapter shall deposit the fees in a separate fund. The fund shall be known as the \_\_\_\_\_ (insert name of county or municipality) emergency telephone system fund. The county treasurer or municipal fiscal officer may invest money in the fund in the same manner that other money of the county or municipality may be invested. The county treasurer or municipal fiscal officer shall deposit any income earned from such an investment in the fund."

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

IC 36-8-16.5-43 states:

"The distribution of wireless emergency enhanced 911 funds by the board for cost recovery by PSAPs under section 39 of this chapter must be deposited by the county treasurer in a separate fund set aside for the purposes allowed by section 41 of this chapter. The fund must be known as the \_\_\_\_\_ (insert name of county) wireless emergency telephone system fund. The county treasurer may invest money in the fund in the same manner that other money of the county may be invested, but income earned from the investment must be deposited in the fund set aside under this section."

CREDIT CARDS

Several County Departments are using credit cards to purchase items but are not complying with the credit card policy established by the County. Claims are being paid without the proper documentation attached. The County's policy designates the County Auditor as the custodian of the credit cards, but not all credit cards are returned to this office after use.

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:

- (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.

COUNTY AUDITOR  
TIPTON COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(8) If properly authorized, an annual fee may be paid.

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

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

DONATIONS

The County donated \$10,500 to agencies in Tipton County without being specifically authorized by statute.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
TIPTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 20, 2010, with Suzanne C. Alexander, Auditor. The official response has been made a part of this report and may be found on page 8.

The contents of this report were discussed on September 21, 2010, with Ken Ziegler, President of the Board of County Commissioners; Mike Cline, County Commissioner; Phillip B. Nichols, President of County Council; and Jane Harper, County Commissioner.

## TIPTON COUNTY EXAMINATION COMMENTS

### 1. PENALTIES, INTEREST AND OTHER CHARGES

The County Auditor sent countless hours addressing the penalties and fees issue with the State of Indiana. The State did excuse a large portion of the initial penalty. The employee who was negligent in her duties was terminated. Positive changes were made in the department. Job duties of the position were evaluated. The Auditor is taking a more active roll in overseeing the payment of withholding taxes is made timely. The payroll deputy is now bonded.

### 2. FUND FOR E911 FEES

The necessary changes were put in place for 2011 budgets. This change would have been made for 2010; but when the Auditor inquired with SBOA in 2009; she was told no changes were necessary at that time.

### 3. CREDIT CARDS

The current policy for credit cards will be reviewed and amended by the Executive.

### 4. DONATIONS

The past practices by the Executive regarding donations to local non-profits will be reviewed by the governing bodies of Tipton County. Corrections will be made to monies provided to entities that were coded as donations; but were actually for operations of entities performing services on behalf of the local government.

Submitted by:



Suzanne C Alexander  
Tipton County Auditor