

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

AUDIT REPORT

OF

COUNTY AUDITOR

LAWRENCE COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
07/30/2012



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Billie J. Tumey	01-01-09 to 12-31-12
President of the Board of County Commissioners	David Flinn	01-01-11 to 12-31-11
	Christopher May	01-01-12 to 12-31-12
President of the County Council	Gene McCracken	01-01-11 to 12-31-11
	James R. Edwards	01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2011 to December 31, 2011, 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of Lawrence County for the year 2011.

STATE BOARD OF ACCOUNTS

July 3, 2012

COUNTY AUDITOR  
LAWRENCE COUNTY  
AUDIT RESULT AND COMMENT

**INTERNAL CONTROLS AND CONDITION OF RECORDS**

The following deficiencies relating to the recordkeeping, were present during our period of audit:

1. Duplicate payment:

On three occasions, accounts payable claims submitted to the Board of County Commissioners for payment were supported by duplicate copies of an invoice. These invoices were questioned during the audit. The EMS Director, Valerie Luchauer, researched these invoices and produced additional invoices that should have been submitted instead. She indicated that the duplicate invoices had been attached by mistake.

The \$586.04 duplicate payment to E Electric and Communications should have been supported by an invoice for \$490. This resulted in an overpayment of \$96.04 and this refund was received on April 23, 2012. Although the County had overpaid this vendor, the proper amount was reported to the State for reimbursement.

Invoice 1088688 from Sierra Pacific Innovations Corporation for \$2,923 was also paid twice. However, invoice 1089020 for the same amount was provided to support the second payment.

An invoice for \$3,238.65 was paid to Anchortex Corporation on February 4, 2011 and on March 15, 2011. A refund was received from Anchortex on April 30, 2012. Although the County had overpaid this vendor, the proper amount was reported to the State for reimbursement.

2. New funds were not established as required:

Lawrence County entered into several grant agreements with the Indiana Department of Homeland Security. The grants were to be reimbursable and the County was required to establish a new fund for each grant; however, three funds were used for more than one grant. Grant number C44P-0-402A for \$31,285 and grant number C44P-1-221A for \$75,500 were posted to fund 9129. Grant number C44P-0-075A for \$161,250 and grant number C44P-1-390A for \$33,280.60 were posted to fund 9118. Grant number C44P-0-414A for \$50,000 and grant number C44P-9-818A for \$36,200 were posted to fund 9119.

3. The following grant activity was posted to the wrong fund:

Expenditures and receipts totaling \$1,721.57 were posted to grant C44P-0-402A (fund 9129); however, these expenses were reported to the state as grant C44P-1-221A (fund 9124).

COUNTY AUDITOR  
LAWRENCE COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

Expenditures and receipts totaling \$8,859.76 were posted to fund 9119 which was used for grants C44P-9-818A and C44P-0-414A; however, these expenses were reported to the state as grant C44P-0-205A (fund 9124).

The following adjustments need to be posted to the ledger to correct additional posting errors caused by receipts being posted to a different fund than the disbursement.

DUE TO		DUE FROM		AMOUNT
FUND NUMBER	GRANT/FUND	FUND NUMBER	GRANT/FUND	
8100	Runway Paving Grant	1107	Aviation	\$ 21,271.11
1176	Highway	9137	C44P-2-037A	2,272.61
9137	C44P-2-037A	1176	Highway	75.00
9137	C44P-2-037A	9124	C44P-0-205A	3,736.20
9118	C44P-1-390A	9130	C44P-1-072A	120.00
9130	C44P-1-072A	9124	C44P-0-205A	490.00
9129	C44P-1-221A	9124	C44P-0-205A	2,500.00
9130	C44P-1-072A	9124	C44P-0-205A	248.14
Total				<u>\$ 30,713.06</u>

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 objections, 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 County Auditors of Indiana, Chapter 14)

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 14)

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)

COUNTY AUDITOR  
LAWRENCE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 3, 2012, 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 page 7.



LIMESTONE CAPITAL OF THE WORLD

OFFICE OF  
AUDITOR OF LAWRENCE COUNTY

BILLIE TUMEY

916 15TH STREET, SUITE 28  
BEDFORD, INDIANA 47421

July 3, 2012

Response Letter to the 2011 Auditor Finding

The Auditors Office relies on the EMS Director, as grant administrator to provide the proper documents to correctly set up the appropriate funds, post payments and pay claims. The Auditors Office bookkeeper was informed that all the funds in questions were part of one grant and different funds were not necessary. Claims were paid in duplicate due to the claims being filed had different invoice numbers for the duplicate invoice or no invoice numbers. The EFT notices were sent to the director for guidance as to where the funds were to be posted. Some EFT notices lack information to correctly identify the appropriate fund. The Airport employees misdirected the information to the wrong fund and it was a simple mistake that should have been identified quickly.

The county will now require a Grant Summary Sheet for all grants the county is receiving funds for. All grant administrators have been directed to notify the bookkeeper in advance with a claims voucher for any deposits that are anticipated. EFT notices have been providing additional information in the last few months. Claims for EMS were given to the bookkeeper and assistant bookkeeper for payment. All claims for EMS are to be given only to one bookkeeper in order to eliminate the possibility of paying the claim twice.

Thank you,

Billie Tumey  
Lawrence County Auditor