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

AUDIT REPORT

OF

COUNTY AUDITOR

JASPER COUNTY, INDIANA

January 1, 2011 to December 31, 2011

FILED
09/04/2012

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COUNTY OFFICIALS

| Office | Official | Term |
|---|---|---|
| Auditor | Donya Jordan | 01-01-09 to 12-31-12 |
| President of the County Council | Ronald Sipkema | 01-01-11 to 12-31-12 |
| President of the Board of County Commissioners | Kendell Culp | 01-01-11 to 12-31-12 |

STATE OF INDIANA
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TO: THE OFFICIALS OF JASPER 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 Results and Comments. The financial transactions of this office are reflected in the Annual Report of Jasper County for the year 2011.

STATE BOARD OF ACCOUNTS

June 26, 2012

## *INTERNAL CONTROLS*

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. A new computer system was implemented by the County on November 1, 2011. The new computer system imported information from the old system; however, various problems related to the system import were discovered. The following is a list of the issues experienced as a result of the computer system update.

1. Some transactions were missing or were imported incorrectly.

2. Negative receipts and disbursements were not adequately summarized on the financial statements. Negative receipts were categorized as disbursements and negative disbursements were categorized as receipts.

3. A review of data provided from the old computer system determined that some transactions were not recorded after October 1, 2011.

4. Payroll withholding balances for the individual withholding accounts were entered incorrectly.

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 objectives, 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, Chapter 14)

## *CREDIT CARDS*

The County is 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:

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)

***CONDITION OF RECORDS***

The tax sale surplus fund could not be reconciled to the subsidiary tax sale record. The fund ledger balance exceeded the subsidiary ledger total by $10,810 at December 31, 2011.

We noted posting errors in the surplus tax fund subsidiary ledger. These errors included prior payments posted with 2011 dates, a 2011 payment posted with a 2010 date, and payments not posted. The subsidiary ledger was not reconciled to the fund ledger. The subsidiary ledger total exceeded the fund ledger balance by $3,184 at December 31, 2011.

Subsidiary ledgers for the drainage funds were not reconciled to the fund ledger. General drain improvement fund disbursements recorded in the subsidiary ledger exceeded those recorded in the fund ledger by $13,335 for the year 2011, causing the fund ledger balance to exceed the subsidiary ledger balance at December 31, 2011, by the same amount. Drainage maintenance fund disbursements recorded in the subsidiary ledger exceeded those recorded in the fund ledger by $12,925 for 2011, causing the fund ledger balance to exceed the subsidiary ledger balance at December 31, 2011, by the same amount. Both the receipts and disbursements of the drainage maintenance fund on the Account Balance Transactions Report exceeded those on the Department Budgetary Report by $14,143 for the year 2011.

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, Chapter 14)

***ANNUAL REPORT***

An annual report was submitted on March 1, 2012, for the calendar year 2011. During the audit, a number of errors were discovered requiring the auditor to submit an amended annual report. The corrected report was submitted on April 10, 2012.

Indiana Code 5-11-1-4(a) concerning annual reports states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

COUNTY AUDITOR
JASPER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2012, with Donya Jordon, Auditor, and Kendell Culp, President of the Board of County Commissioners. The officials concurred with our audit findings.