

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

AUDIT REPORT

OF

COUNTY AUDITOR

PUTNAM COUNTY, INDIANA

January 1, 2011 to December 31, 2011



FILED
09/10/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Stephanie Campbell	01-01-09 to 12-31-12
President of the County Council	Darrel L. Thomas	01-01-11 to 12-31-12
President of the Board of County Commissioners	Gene Beck Kristina Warren	01-01-11 to 12-31-11 01-01-12 to 12-31-12



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 PUTNAM 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 Putnam County for the year 2011.

STATE BOARD OF ACCOUNTS

August 8, 2012

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

FUND SOURCES AND USES – HAZARDOUS WASTE FUND

As reported in the prior three reports, funds were disbursed from the Hazardous Waste Fund to Putnam County Operation Life in the amount of \$80,000 to pay the 2011 annual contract for County Ambulance services.

Indiana Code 6-6-6.6-3(b) identifies the following purposes of hazardous waste revenue which states:

"Except as provided in subsection (e), and subject to subsection (f), the revenue paid over to the county under subsection (a) shall be deposited in a separate fund established by the county for the purposes of the following:

- (1) Establishing monitoring wells on land near the site of the disposal facility.
- (2) Analyzing samples from the monitoring wells established under subdivision (1).
- (3) Conducting other types of testing and surveillance for hazardous waste contamination of land near the disposal facility.
- (4) Providing training for county and local public health and public safety officers in the proper procedures for dealing with emergencies involving hazardous substances or hazardous waste.
- (5) Providing special clothing and equipment needed by county and local public health and public safety officers for dealing with emergencies involving hazardous substances or hazardous waste.
- (6) Funding research on alternatives to land disposal as a means of eliminating hazardous waste.
- (7) Paying the cost of hazardous waste, hazardous substance, or solid waste removal and remedial action at a site located within the county.
- (8) Meeting the county's requirements under IC 13-21 for the planning and implementation of a solid waste management district plan.
- (9) Paying the costs associated with the construction or rehabilitation of a facility used for training described in subdivision (4).
- (10) Paying the costs associated with any other project that has identifiable environmental benefits.
- (11) Paying the costs associated with the construction, structural rehabilitation, and equipment of a facility used for either of the following purposes:
 - (A) A county public safety central dispatch.
 - (B) A county emergency operations center."

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

As stated in the prior report, we noted a deficiency in the internal control system of the County related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks should be managed. The County Auditor has not implemented proper procedures for a separate review of the financial information reported in the County Annual Report prior to its submission. The County has identified risks to the preparation of reliable financial statements but did not implement effective controls over the preparation and review of the County Annual Report to prevent or detect material misstatements.

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.

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)

OVERDRAWN FUND BALANCES

At December 31, 2011, the following funds had overdrawn fund balances:

Health Department	\$ 35,088
D.O.C.	35,372
Tax Sale Redemption	15,802
Victims Assistance	14,203
Putnam County Home Detention	6,806
Hazmat Technical Rescue	1,806
CASA Foster Futures Grant	8,968
Operation Pullover Equip Grant	1,014
District 7 NFA/ISO Classes	400
County Share Edit	49,999
PERF	135
Aflac	1,636
Wage Garnishment	823
District 7 Fire Training	75,694

COUNTY AUDITOR
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The 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 of Indiana, Chapter 14)

TAX SALE REDEMPTION FUND

As reported in the prior four audit reports, the Tax Sale Redemption Fund was not reconciled in 2011, and had not been reconciled for years, resulting in a December 31, 2011 balance of (\$15,801). The negative balance was created by posting errors not being discovered in a timely manner because reconcilements were not made between the subsidiary ledgers and the control account.

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)

TAX SALE SURPLUS FUND

The Tax Sale Surplus Fund was not reconciled to the detailed tax sale records in 2011. At December 31, 2011, there was a difference of \$46,415 between the detailed tax sale records and the balance of the Tax Sale Surplus Fund.

Amounts older than three years old were not identified or transferred to the County 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 6-1.1-24-7(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."

COUNTY AUDITOR
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2012, with Stephanie Campbell, Auditor, and Nancy Fogle, County Commissioner.