

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

AUDIT REPORT
OF
COUNTY AUDITOR
DELAWARE COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
09/13/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Judy Rust	01-01-11 to 12-31-14
President of the County Council	James King	01-01-11 to 12-31-12
President of the Board of County Commissioners	Todd Donati	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DELAWARE COUNTY, INDIANA

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 Delaware County for the year 2011.

STATE BOARD OF ACCOUNTS

August 8, 2012

COUNTY AUDITOR
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

The review of capital asset records found the following deficiencies:

1. Assets reported in the annual report were \$87,321 more than the capital asset ledger.
2. Six items with a value of \$1,131,698 were purchased in 2011, but not included in the capital asset ledger.
3. Asset deletions were not recorded in the capital asset ledger.
4. A complete inventory of capital assets has not been taken in the past two years.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the Capital Assets Ledger Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Auditors of Indiana, Chapter 14)

REPAYMENTS FOR TRAVEL EXPENSES

The unit has a travel policy which states, "Meal expenses will not be reimbursed for business performed or events attended within a sixty mile radius of the City of Muncie. An employee in travel status or attending a conference or training event will be reimbursed for meals expenses, not to exceed \$50.00 (including tax and tip) per twenty-four (24) hour period away from Delaware County." We noted instances of employees being reimbursed for breakfast expenses before leaving the county and being reimbursed for snacks, coolers, toothpaste, medication and bottles of water. We also noted instances of reimbursement for hotel/motel room costs, parking, ink and other unidentified items without supporting documentation. Also, one employee was paid for commuting mileage.

Each governmental unit is responsible for complying with the ordinances, resolutions and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Auditors of Indiana, Chapter 14)

CREDIT CARDS

We tested five credit card claims and noted two charges that were supported only by the credit card statement. We also noted an instance of sales tax being paid on a purchase.

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.

COUNTY AUDITOR
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(CONTINUED)

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 Auditors of Indiana, Chapter 14)

SURPLUS TAX

Several posting errors were noted in the unit's surplus tax ledger. Some items were paid, but the items were not posted to the detail ledger, one disbursement was posted to the accounting records twice, and \$40,412 of storm water fees that were never certified to the County Auditor were applied to customer accounts in the Treasurer's office from surplus tax funds.

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 Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2012, with Judy Rust, Auditor, and Donna Patterson, Settlement Clerk.

The contents of this report were discussed on August 14, 2012, with Todd Donati, President of the Board of County Commissioners, and James King, President of the County Council.