

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

AUDIT REPORT

OF

COUNTY AUDITOR

MARTIN COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
08/21/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Appropriations.....	4
Overdrawn Cash Balances.....	4
Annual Report.....	4
Leave and Overtime Policy.....	5
Collection of Amounts Due	5
Internal Controls	5-6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy J. Steiner January Roush	01-01-09 to 12-31-12 01-01-13 to 12-31-16
President of the County Council	C. Richard Summers	01-01-12 to 12-31-13
President of the Board of County Commissioners	Paul R. George	01-01-12 to 12-31-13



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 MARTIN COUNTY

We have audited the records of the County Auditor for the period from January 1, 2012 to December 31, 2012, 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 Martin County for the year 2012.

STATE BOARD OF ACCOUNTS

August 7, 2013

COUNTY AUDITOR
MARTIN COUNTY
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Cumulative Bridge	2012	\$ 2,115

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The financial statements presented in this report included the following funds with overdrawn cash balances at (end of audit period):

Fund	Amount Overdrawn
Education Plate	\$ 11
County User Fees - Prosecutor	4,888
City and Town Taxes	8,594

The cash 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)

ANNUAL REPORT

The Annual Report for 2012 was not filed electronically until April 29, 2013.

Indiana Code 5-11-1-4(a) 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
MARTIN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

LEAVE AND OVERTIME POLICY

A compensatory leave/overtime policy was presented for audit; however, this policy was unclear as to when compensatory leave must be taken or as to the maximum of compensatory leave that may be earned by each individual. The lack of clarity on the policy leaves the County with numerous employees having excessively large compensatory balances and a potential liability of amounts owed to employees upon retirement.

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

A similar comment appeared in the prior report.

COLLECTION OF AMOUNTS DUE

The amount of \$2,847.63 was due to the County as of December 31, 2012, for delinquent property taxes owed by several employees.

The County Auditor has not authorized the garnishment of wages in order to collect these delinquent property taxes.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

A similar comment appeared in the prior report.

INTERNAL CONTROLS

Internal controls over the receipting, disbursing, recording and accounting for the financial activities were insufficient.

The County did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.

During the audit of the SEFA, we noted the following errors: Numerous grants and their amounts expended were not included in the listing as well as numerous grants with amounts expended that were included that were not federal grants. Federal grantor agency, cluster title (if applicable), program title, project title, pass-through entity, federal CFDA number, and identifying number were missing from most of the federal grants.

COUNTY AUDITOR
MARTIN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operation, 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 of Indiana, Chapter 14)

COUNTY AUDITOR
MARTIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with January Roush, Auditor; Paul R. George, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council. The officials concurred with our audit findings.