

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

AUDIT REPORT
OF
COUNTY AUDITOR
WASHINGTON COUNTY, INDIANA
January 1, 2012 to December 31, 2012



FILED
11/07/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Controls Over Schedule of Expenditures of Federal Awards.....	4
Annual Report.....	4-5
Overdrawn Cash Balances.....	5
Exit Conference.....	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sarah Bachman	01-01-11 to 12-31-14
President of the County Council	Benjamin Bowling David Hoar	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the Board of County Commissioners	David Brown John D. Fultz	01-01-12 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON 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 Washington County for the year 2012.

STATE BOARD OF ACCOUNTS

October 30, 2013

COUNTY AUDITOR
WASHINGTON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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)

ANNUAL REPORT

The Annual Report for 2012 did not properly report all of the County's Federal grant information and activity for inclusion in the Schedule of Expenditures of Federal Awards (SEFA).

We noted the following deficiencies:

1. Some federal programs were not reported.
2. The pass-through entity and identifying number assigned by the pass-through entity for some federal programs were not always included or were incorrect.
3. The amounts reported for federal awards expended for some individual federal programs were not correct.
4. The federal awards reported for some individual federal programs did not include the CFDA number.

COUNTY AUDITOR
WASHINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Audit adjustments were proposed, accepted by the County and made to the SEFA presented in this report for the deficiencies noted above. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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."

OVERDRAWN CASH BALANCES

The financial statement presented in this report included the following funds with overdrawn cash balances at December 31, 2012:

<u>Fund</u>	<u>2012</u>
Enhanced 911	\$ 36,761
Parks And Recreation	55,727
Park Non-Reverting Fund (Concessions)	75,810
Adult Protective Services (Apsu)	12,613

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)

COUNTY AUDITOR
WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2013, with Sarah Bachman, Auditor; John D. Fultz, President of the Board of County Commissioners; and David Hoar, President of the County Council. The officials concurred with our audit findings.