

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

AUDIT REPORT

OF

COUNTY TREASURER

TIPPECANOE COUNTY, INDIANA

January 1, 2010 to December 31, 2010



FILED
08/05/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert A. Plantenga	01-01-09 to 12-31-12
President of the County Council	Andrew S. Gutwein	01-01-10 to 12-31-11
President of the Board of County Commissioners	John Knochel David S. Byers	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TIPPECANOE COUNTY

We have audited the records of the County Treasurer for the period from January 1, 2010 to December 31, 2010, 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 Tippecanoe County for the year 2010.

STATE BOARD OF ACCOUNTS

June 16, 2011

COUNTY TREASURER
TIPPECANOE COUNTY
AUDIT RESULTS AND COMMENTS

INHERITANCE TAX - TREASURER

The Treasurer's office submitted quarterly reports, prescribed Form No. 13, to the Inheritance Tax Division of the Indiana Department of Revenue. These reports contain an affidavit of accuracy signed by the Treasurer and witnessed by the Auditor. The calculations on the report determine the amount of inheritance tax collected to be retained by the County and the amount that is required to be submitted to the State. These quarterly financial reports are used by the Inheritance Tax Division to monitor the financial activity of inheritance tax collected and the subsequent remittance to the State of Indiana and to the County General Fund. Based on a review performed in cooperation with the Inheritance Tax Division of the Indiana Department of Revenue, it was determined that the Treasurer's office did not verify that the inheritance tax receipts, disbursements, and fund balance presented on the prescribed quarterly reports for the years 2008, 2009, and 2010 agreed to the fund ledger maintained by the Auditor's office. As a result, errors were made in determining the allocation of the tax collected between the County and the State. Based on the results of the review, the County incorrectly retained \$34,019.31 that should have been allocated to the State.

With the filing of the first quarter report in 2011, amounts were reallocated to include the correction. No further action by the County is required.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

INTERNAL CONTROLS - TREASURER'S CASH BOOK

Controls over the receipting, disbursing, recording, and accounting for the financial activities in the Treasurer's office were insufficient:

1. Controls for the closing of the Treasurer's electronic Cash Book each month were not performed.
2. Adjusting/correcting entries to the Treasurer's Cash Book were not adequately documented or approved by the Treasurer.
3. There was no evidence the amount certified to the Auditor for distribution was reconciled to the Treasurer's Cash Book.
4. The computer system's recording of surplus payments was overridden, posting the payments to advance collections.
5. The Cash Book was modified after the filing of the Monthly Financial Report (Form 47TR) was completed. Corrected Forms 47TR were not submitted to the Auditor and/or the State Board of Accounts.

COUNTY TREASURER
TIPPECANOE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-26-6(a) states:

"Notwithstanding the other provisions of this chapter, each county treasurer shall place the portion of a tax or special assessment payment which exceeds the amount actually due, as shown by the tax duplicate or special assessment records, in a special fund to be known as the 'surplus tax fund'. Amounts placed in the fund shall first be applied to the taxpayer's delinquent taxes in the manner provided in IC 6-1.1-23-5(b). The taxpayer may then file a verified claim for money remaining in the surplus tax fund. The county treasurer or county auditor shall require reasonable proof of payment by the person making the claim. If the claim is approved by the county auditor and the county treasurer, the county auditor shall issue a warrant to the taxpayer for the amount due the taxpayer."

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 Treasurers of Indiana, Chapter 10)

PRESCRIBED FORMS - TREASURER'S CASH BOOK

The following prescribed or approved forms were not always in use or were not being used properly: Form 47 - Daily Balance of Cash and Depositories and Form 47TR - Monthly Financial Report. Form 47 is commonly referred to as the Cash Book. The Treasurer's office is currently using Excel spreadsheets in lieu of the Daily Balance of Cash and Depositories, prescribed Form 47. The Excel spreadsheet for the last day of each month is to be placed in pdf format and becomes the permanent source for the Monthly Financial Report, prescribed Form 47TR. No pdf version of the Form 47 as of the last day of the month for the months of January, February, March, and April were available for audit. The pdf version of the Form 47 as of the last day of the month for the months of May, August, September, October, November, and December was not the source of the information for the Form 47TR for those months. The use of an Excel spreadsheet without a permanent copy is not an acceptable means of recordkeeping and provides insufficient audit trails. Also, the charges and credits presented on Form 47TR for the months of February and November did not reconcile, and no explanations and/or amounts were included on the forms to properly complete the reconciliation.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

The State Board of Accounts prescribes the required accounting system forms but does not specify the source from which the forms must be obtained. Therefore, the State Board of Accounts will not take exception to the use of forms which provide exact replications of the prescribed forms created by computer printer or utilizing continuous form computer paper. These exact replications must be identical to the prescribed forms in format, titles, and location of data. The exact replicas are not required to be submitted to the State Board of Accounts for approval, and each form should be identified as "Prescribed by the State Board of Accounts" in the same location as is printed on the prescribed form. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
TIPPECANOE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS - RECEIPTS

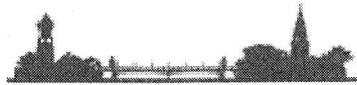
Controls over receipts generated by the Treasurer are insufficient due to a lack of segregation of duties. All employees, including the employee performing the depository reconciliation and the employee that maintains the Cash Book, may accept payments, issue receipts, and prepare the receipts for deposit.

The computer system, as implemented, does not identify the employee generating a receipt. No mitigating controls are in place to compensate for this lack of an audit trail.

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 Treasurers of Indiana, Chapter 10)

COUNTY TREASURER
TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 16, 2011, with Robert A. Plantenga, Treasurer; Cheryl A. Jonker, Chief Deputy Treasurer; David S. Byers, President of the Board of County Commissioners; and Andrew S. Gutwein, President of County Council. The official response has been made a part of this report and may be found on pages 8 through 11.



TIPPECANOE COUNTY
OFFICE OF THE TREASURER

Robert A. Plantenga
20 North 3rd Street
Lafayette, Indiana 47901-1214

June 17, 2011

Bruce Hartman
State Examiner
State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Dear Mr. Hartman:

I wish to respond to the issues addressed at the Tippecanoe County exit conference on June 16, 2011. Although some valid points were discussed, I take exception to certain things contained in the findings.

The Inheritance Tax distribution issue was been a lingering issue for some period of time. A couple of errors were made by this office over the course of a couple of years. The Board of Accounts Field Examiner was asked, by this office, to look into the issue a year ago with no reconciliation deemed necessary. After the Board of Accounts field examiner found the discrepancy this year, I concur and the issue has been totally resolved. Distribution was reduced to the County General Fund in 2011 with the contested amount being sent to the State.

Controls for the Closing of the Treasurer's Cash Book. This electronic file is maintained by a Bookkeeper in the Treasurer's Office. A pdf file is sent to the Treasurer at month's end. I am not sure who or where the field examiner was asking for the pdf files, but all of the missing months are there. Due to the cashbook Bookkeeper resigning during 2010, some of the pdf files were not retrieved from her computer until March of 2011. A screen shot of my computers files shows the pdf for March, 2010 created April 1, 2010 which is attached at the end of this response.

Comments made concerning a particular day were inserted on the sheet for that day in the cashbook as Microsoft allows. When printed to pdf, they are not visible. The field examiners were given all the applicable files on their flash drive for the audit. Below is an example of a day in the Excel version with a comment.

11-10.xlsx - Microsoft Excel

Home Insert Page Layout Formulas Data Review View Add-Ins

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H32

1 November 30, 2010 Treasurers Daily Ba

2 NOTE: All taxes collected will be accumulated in Column 5, lines 1 to 41 inclusive. Advance tax draws will be entered only on line 42 and the total

3 hereof accumulated in Column 5, line 42. At each semi-annual settlement the gross taxes settled will be entered in Column 4, line 1 to 41.

4 the total advances entered as a credit (-) in Column 4, line 42 and the net settlement entered in Column 4, line 43

Charges	Prior Collection Not Received By Quietus	Day's Collections	Look Box Collections	Escrow Tapes	Transferred By Quietus At Time of Settlement	Balance Collections Forwarded
1	2	3	3A	3B	4	5
22 Wabash TSC	1,469,000.79	-	-	-	-	1,469,000.79
23 Wabash TSC-B	2,602,960.38	-	-	-	-	2,602,960.38
24 Wabash WLSC-B	23,364.00	-	-	-	-	23,364.00
25 West Lafayette TSC-B	312,373.93	-	-	-	-	312,373.93
26 West Lafayette WLCS-B	7,755,134.58	-	-	-	1,741.72	7,755,134.58
27 Washington TSC	632,029.45	-	-	-	-	632,029.45
28 Wayne TSC	446,416.66	-	-	-	-	446,416.66
30 Wea TSC	868,213.49	-	-	-	-	868,213.49
31 Wea TSC-B	1,219,820.53	-	-	-	-	1,219,820.53
32 Lafayette Wea LSC-B	2,116,596.59	-	-	-	-	2,116,596.59
33 Lafayette Wea TSC-B	4,777,412.37	-	-	-	-	4,777,412.37
34 West Lafayette TSC-B-C	1,302,419.81	-	-	-	-	1,302,419.81
35 West Lafayette WLCS-B-C	1,551,045.01	-	-	-	-	1,551,045.01
36 Lafayette Sheffield TSC-B	2,581,836.68	-	-	-	-	2,581,836.68
37 Lafayette Wea TSC-B (Annex)	365,026.45	-	-	-	-	365,026.45
38 Lafayette Perry TSC-B	18,741.83	-	-	-	-	18,741.83
39 West Lafayette Tippecanoe TSC-B	145,064.90	-	-	-	-	145,064.90
45 Total Taxes Collected	64,460,647.79	-	-	-	2,081.23	64,458,566.56
46 Miscellaneous Corrections	8,550.99	-	X X X X X	X X X X X	-	8,550.99

whitlock: NSF on: 79-07-07-305-005 000-026 and 79-126-03584-00

Cell H32 commented by whitlock

Documentation of entries to the Treasurer Cash Book were not documented. I disagree as again, comments were added to the Excel version in a Section not set for printing to pdf. But these comments are easily visible to anyone inspecting the form. Below is an example of such a comment from November, 2010.

11-10.xlsx - Microsoft Excel

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Clipboard Font Alignment Number Styles Cells Editing

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H147 =29'H147*30'F147

1 Hy Balance of Cash & Depositories

2 Prescribed by State Board of Accounts Revised County Form No. 47 (1990)

	Balance From Previous Day	Tax Collections, Other Sources and Fund Ledger	Investments Cash- Other Than From Funds Ledger (Cost)	Bank Transfers/Plus and Minus	FL Warrants issued & Investments Purchased- Total Monies	Balance Close of Day
6	7	8	9	10	11	12
73 Net Cash Short (Add) or Long (Deduct)			X X X X X	X X X X X	X X X X X	-
74 TOTAL S-CASH PROOF			65,555.21	322,678.22	356,589.95	31,643.48
76 TOTAL CREDITS (Add Col. 23, Lines 40 and 68)						146,865,131.29
						DOES NOT BALANCE (1,239,051.69)
						ACH deposited on 11/10/2010, but Taxing units not credited until 12/2/2010
						Difference
						November 30, 2010
						Revised Cash Management
						Previous Day
						Tax Collections
						Interest
						Bank Transfers
						Disbursements
						EOD Balance
						Laf Bank & Tr - Hi Bal Sav (5459)
						Laf Bank & Tr - Primary (5416)
						Laf Bank & Trust - Claims (5424)
						Laf Bank & Trust - Payroll
						Laf Bank & Trust - Flex Benefit
						Laf Bank & Tr - Flex Benefit Claims
						Laf Bank & Tr - Cary Home (5475)
						Chase - Hi Bal Savings (7152)

When we began using the Manatron software in 2009, some payments which exceeded the amount due were posted to Surplus. Our office is now posting excess payments to

Advance where the amount is rolled to the payments prior to tax bill printing. When requested, the taxpayer is refunded the funds (Form 17). No real cause for concern was presented to this office.

I can find no proof that any Monthly Financial Report (Form 47TR) was modified after initial completion. No examples were provided showing this occurred.

The Treasurer's Office will comply with the findings of Internal Controls of Receipting. Individual Cash Drawers will be opened daily so each employee has total control of that drawer. This will cause additional challenges during tax collection time when additional employees are present (closing out a station during each individual's lunch period). When this office reduced full time staff from 6 to 5 (which includes myself), having the bank reconciliation bookkeeper from being involved in the receipting of funds is not possible. During the past year, each receipt was documented with the initials stating who took the funds (by receipt number).

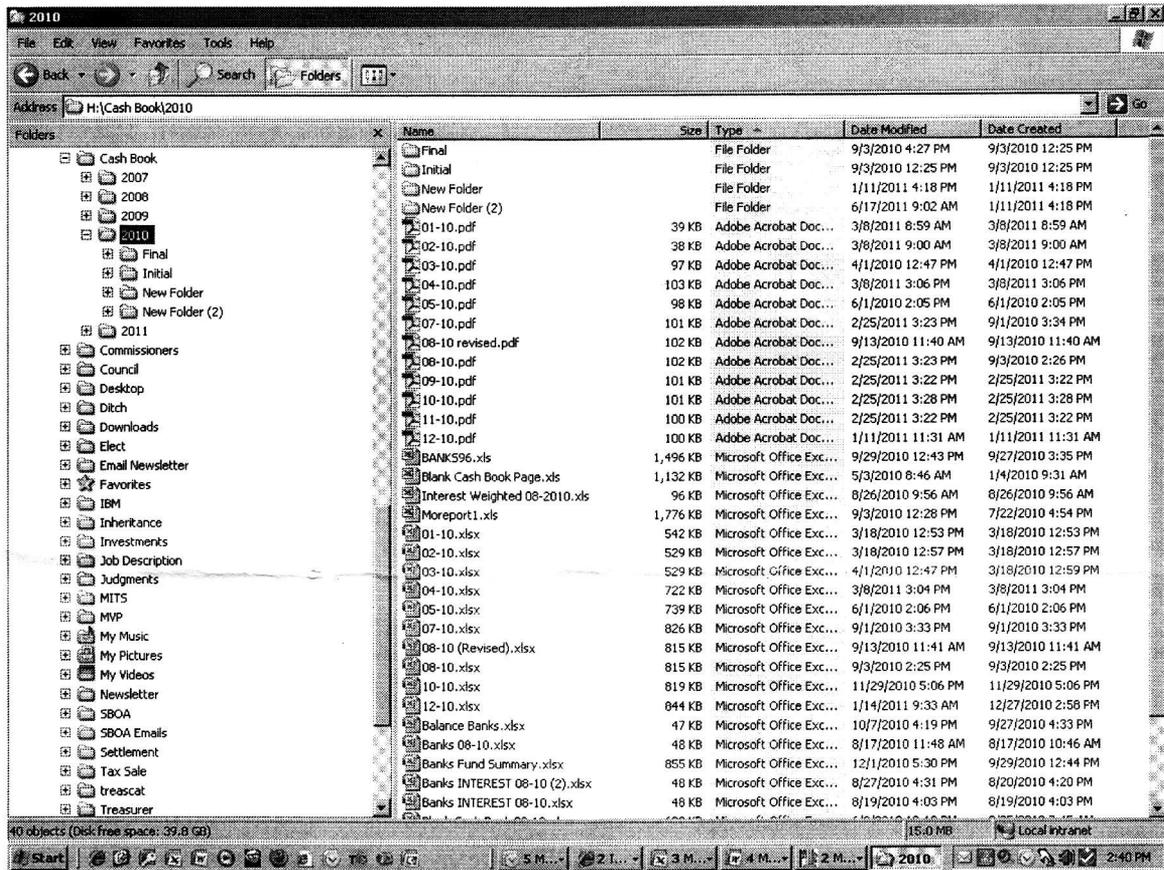
Numerous times it was mentioned about not having pdf files rather than Excel files to freeze the information at years' end. Although I agree this an appropriate step, no statute exists requiring this file. When the Cash Book was on a hand-written page (as it was when I began my term in 2007), revising the end of the month numbers were possible and yet no action was needed then.

I appreciate the work done by the State Board of Accounts field examiners but I feel some statements made by the department were either unnecessary or inaccurate.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Plantenga". The signature is written in a cursive style with a large, looping final flourish.

Robert A. Plantenga



Files found by exploring in computer of Treasurer Robert A. Plantenga

09-10.xlsx - Microsoft Excel

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H10

Charges	Prior Collection Not Received By Quietus	Day's Collections	Lock Box Collections	Escrow Tapes	Transferred By Quietus At Time of Settlement	Balance Collections Forwarded
1 September 2, 2010						
2 NOTE: All taxes collected will be accumulated in Column 5, lines 1 to 41 inclusive. Advance tax draws will be entered only on line 42 and the total						
3 hereof accumulated in Column 5, line 42. At each semi-annual settlement the gross taxes settled will be entered in Column 4, line 1 to 41,						
4 the total advances entered as a credit (-) in Column 4, line 42 and the net settlement entered in Column 4, line 43						
5						
6 TAX COLLECTIONS:					Positive Numbers	(Line 2+3+3A+3B-4)
7 01 Fairfield LSC	(21,426.17)	425.50	-	-	-	(21,000.67)
8 02 Fairfield TSC	(0.08)	-	-	-	-	(0.08)
9 03 Fairfield TSC-B	40,671.05	-	-	-	-	
10 04 Lafayette Fairfield LSC-B	1,965,632.51	10,061.69	-	-	21,546.41	
11 05 Lafayette Fairfield TSC-B	207,264.58	-	-	-	-	
12 06 Jackson TSC	11,660.26	-	-	-	-	
13 07 Laurmie TSC	36,945.96	2,891.02	-	-	-	
14 08 Clarks Hill TSC	9,570.29	-	-	-	-	
15 09 Perry TSC	74,957.62	-	-	-	-	
16 10 Perry TSC-B	18,330.46	-	-	-	-	
17 11 Randolph TSC	21,525.78	-	-	-	-	
18 12 Sheffield TSC	41,907.11	-	-	-	-	41,907.11
19 13 Dayton TSC	25,701.74	-	-	-	-	25,701.74
20 14 Shelby BCS	38,335.65	-	-	-	-	38,335.65
21 15 Shelby TSC	4,128.77	-	-	-	-	4,128.77
22 16 Otterbein BSC	12,017.44	-	-	-	-	12,017.44
23 17 Tippecanoe TSC	84,621.05	8.76	-	-	-	84,629.81
24 18 Tippecanoe TSC-B	7,517.12	-	-	-	-	7,517.12
25 19 Battle Ground TSC	19,119.51	653.28	-	-	-	19,772.79
26 20 Shadeland Union TSC	16,464.03	-	-	-	-	16,464.03
27 21 Shadeland Union TSC-B	8,238.58	-	-	-	-	8,238.58

whitlock correction made by the Auditor's office and applied to overpayment on: 79-07-29-258-002-000-004; 79-07-33-228-002-000-004; 79-07-34-201-002-000-004 and 79-07-34-201-004-000-004

Cell H10 commented by whitlock