

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

AUDIT REPORT

OF

COUNTY AUDITOR

MADISON COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
09/12/2013

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Kathy Stoops-Wright Jane Lyons	01-01-09 to 12-31-12 01-01-13 to 12-31-16
President of the Board of County Commissioners	John Richwine	01-01-12 to 12-31-13
President of the County Council	William Michael Phipps John Bostic	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 MADISON 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 Madison County for the year 2012.

STATE BOARD OF ACCOUNTS

July 29, 2013

COUNTY AUDITOR
MADISON COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

Corrections and adjustments were recommended and approved to the 2012 Annual Financial Report (Annual Report) submitted through Gateway. Some of the information on the Annual Report was incorrect or omitted. The Annual Report is the basis for the financial statement presented for audit. The following list of corrections or adjustments were made:

- The Sheriff Civil Fund was omitted from the Annual Report. New directions for completing the Annual Report required the County to include only some of the departments, while omitting others. This was omitted in error.
- Three departments did not correctly report their receipts, disbursements, and balances to the Auditor, for reporting on the Annual Report. Adjustments were made to the Annual Report for the Clerk's Trust, Clerk's Support, and Sheriff's Inmate Trust Fund. The errors resulted in the following overstatements: receipts \$273,412; disbursements \$253,474; and ending cash balance \$19,938. Adjustments were made to the financial statement to reflect the correct amounts and were approved by the management of the County.
- An error caused the Cumulative Information Tech Sys Fund to be overstated. Receipts were entered multiple times on the Gateway Annual Report. Receipts and ending balance were overstated \$328,780 due to the error.
- The County reported the receipts and disbursements for the After Settlement Collections Fund, but instructions required different reporting. Corrections were made to the receipts and disbursements on the financial statement to report the information as instructed. Additionally, an entry error of \$20,000 was made at the time the receipts for this fund were entered in the Annual Report. Adjustments were made to reduce the receipts and disbursements for this fund which also resulted in a lower ending cash balance. Adjustments were approved by the County's management.
- The information for three loans was omitted on the Annual Report for the Schedule of Leases and Debt (Schedule). The principal and interest due within one year totaled \$385,909 and the year-end outstanding balances of the loans totaled \$935,689.
- Significant changes to the federal grant activity reporting were made due to omissions. As audited and presented within this report, the changes to the Schedule of Expenditures of Federal Awards (SEFA) totaled \$660,000. Changes included omissions and correction of the information for federal grants received by the County.

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
MADISON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

COLLECTION OF AMOUNTS DUE

The amount of \$1,904.42 was due to the Rainy Day Fund as of December 31, 2012. The County Assessor ordered a vendor to print and mail prescribed Form 11. The initial order was based on an estimated quantity of 78,421 and included prices per document for production, explanation page, and mailing. Some changes were made to the original estimated order which reduced the quantity, but not all prices were adjusted for the reduced quantity. One of the last changes was on the January 31, 2012 invoice, which reflected a reduced quantity to 68,662 and stated it was the actual number mailed. This invoice reduced the price for postage. The other two costs (production and explanation page costs per unit) were not adjusted to the final quantity thus resulting in an incorrect billing and overpayment.

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)

PAYROLL DISBURSEMENTS - GOVERNING BODY APPROVAL

None of the 2012 payroll claims had the Board of County Commissioner's approval. Most payments were approved in one of two forms, either by signing the claim or the Register of Claims. The payroll claims were not signed individually or listed on the Register of Claims.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

COUNTY AUDITOR
MADISON COUNTY
EXIT CONFERENCES

The contents of this report were discussed on July 29, 2013, with Jane Lyons, Auditor, and Patricia Mauck, First Deputy. The Official Response has been made a part of this report and may be found on page 7.

Also, the contents of this report were discussed on July 30, 2013, with Stephanie Owens, County Commissioner.



MADISON COUNTY AUDITOR'S OFFICE
ANDERSON, INDIANA

Jane Lyons, Auditor

September 5, 2013

AUDIT RESPONSE

To Whom It May Concern:

There were the following many changes and updates in the Auditor's Office in the first two months of 2013:

- New Auditor
- Reduced Staff by two employees
- Employee's learning new jobs, due to the reduction of staff
- New Pay/Financial System for the entire County
- New Time and Attendance System for the entire County

We believe this is a big factor in why there were errors on the 2012 Annual Report.

Also:

The third error listed concerning a data entry error entering receipts multiple times causing the Cumulative Information Fund to be overstated was not an error when the report was submitted to the State Board of Accounts by the Auditor's Office. We believe this error occurred when the SBOA ran their software program on the Annual Report to be able to audit.

Madison County Auditor
Jane E. Lyons