

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

BLACKFORD COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

08/28/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Derinda E. Shady Laura A. Coons	01-01-02 to 12-31-05 01-01-06 to 12-31-09
President of the County Council	Cathy Weschke	01-01-05 to 12-31-06
President of the Board of County Commissioners	Robert O'Rourke Larry Hile	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BLACKFORD COUNTY, INDIANA

We have examined the records of the Clerk of the Circuit Court for the period from January 1, 2005 to December 31, 2005, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Blackford County for the year 2005.

STATE BOARD OF ACCOUNTS

July 10, 2006

CLERK OF THE CIRCUIT COURT
BLACKFORD COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

As stated in the prior Audit Report B25720, and during current audit period, depository reconciliations of the fund balances to the bank account balances were incorrect.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

RECONCILIATION OF SUBSIDIARY LEDGERS

As stated in the prior Audit Report B25720, and during current audit period the balances of trust items in the subsidiary ledger did not agree with the control balances used in the bank reconciliations.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

OLD OUTSTANDING CHECKS

Many checks outstanding in excess of two years were included on the outstanding check lists.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

CLERK OF THE CIRCUIT COURT
BLACKFORD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 10, 2006, with Laura A. Coons, Clerk of the Circuit Court; Derinda E. Shady, former Clerk of the Circuit Court; Bruce C. Bade, Circuit Court Judge; Larry Hile, President of the Board of County Commissioners; and Cathy Weschke, President of the County Council. The official response has been made a part of this report and may be found on pages 6 and 7.

BLACKFORD CIRCUIT COURT

110 W. Washington Street, 3rd Floor
Hartford City, Indiana 47348

Judge: Bruce C. Bade
Court Reporter: Patricia A. Brown
Bailiff/Deputy Reporter: Christine M. Clark

Telephone: (765-348-2901)
Fax: (765-348-7213)

June 21, 2006

"OFFICIAL RESPONSE"

Indiana State Board of Accounts

RE: Audit of the Clerk of the Circuit Court

This letter is written to advise the State Board of Accounts that both the Blackford Circuit Court and the Circuit Court Clerk have had substantial and continuing problems with MHI, the company that provides software for case management and the Clerk's financial records. MHI has provided the software to the Court's and the Clerk since 1991.

The Clerk has had significant problems in attempting to balance accounts at the end of each month with the MHI software. Numerous requests have been made to MHI to correct the software, however, they have been unable to do so. When MHI failed to make the appropriate corrections, the Clerk hired former employees of MHI to make the corrections, to no avail.

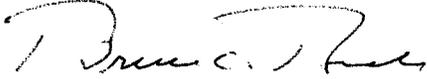
At the end of 2004, the Circuit Court contacted MHI and advised that their contract would not be renewed because of their inability to correct the problems that existed in both the Clerk's Office and the Circuit Court. The Circuit Court was advised that the contract had to be terminated at least 90 days before the beginning of the year and consequently the Court was unable to terminate the contract. By August of 2005, because of the continuing deficiencies, the Circuit Court stopped making payments on the contract with MHI. Thereafter, MHI promised to correct the "glitches", but their efforts were unsuccessful.

Discussions did take place between the Circuit Court and the Clerk to change software providers, however, due to the fact that the State was in the process of developing a court-clerk software package that the State wanted the

court's to use and would be available free of charge, it was decided not to change to another software provider which would result in saving the county a considerable amount of money. We are still hopeful that we can obtain State-provided software by the end of next year.

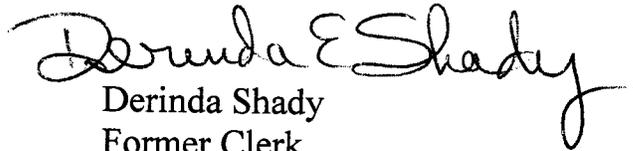
If you have any questions, please do not hesitate to contact either of us. Thank you for your time and consideration.

Sincerely yours,



Bruce C. Bade
Judge, Blackford Circuit Court

Sincerely yours,



Derinda Shady
Former Clerk