

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

ST. JOSEPH COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

09/29/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Clerk	Rita L. Glenn	01-01-03 to 12-31-06
President of the County Council	Rafael Morton	01-01-05 to 12-31-06
President of the Board of County Commissioners	Cynthia A. Bodle	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ST. JOSEPH COUNTY

We have audited 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 Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of St. Joseph County for the year 2005.

STATE BOARD OF ACCOUNTS

July 27, 2006

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS

RECONCILING THE REGISTER OF FUNDS HELD IN TRUST

As noted in the prior Audit Report B25994, funds held in trust by the County are not being reconciled to the cash book. The cash book balance shows a total for cash bonds and trust funds of \$7,967,748 held by the Clerk of the Circuit Court in the main office on December 31, 2005. A summary schedule of the items making up the trust was not presented for audit.

In the Mishawaka Office, nothing was done to reconcile the trust to the cash book. The Mishawaka's office cash book showed that a balance of \$78,732.84 was held in trust at December 31, 2005. A detail of all items was not presented.

As soon as possible after the cash book and daily balance record have been closed for the month, the clerk should reconcile the trust register with these two records. Total all items appearing on and in the trust fund register. This also must be done as of the last day of the month. The total of these items must equal the balance in the trust fund column of the cash book and in the daily balance record. If there is a difference, an error has been made. It will behoove you to review the work to detect the error and make the necessary correction. Do not leave the books out of balance. If you have been accurate in posting the records daily and have proved each day's transactions, you will not have any difficulty. (Accounting and Uniform Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CASH NECESSARY TO BALANCE, BANK RECONCILIATION

The cash reconciliation in the main office showed a cash necessary to balance of \$1,726.95 at December 31, 2005. Proof of cash statements prepared by the Clerk of the Circuit Court's office showed that differences between bank disbursements and cash book disbursements in 9 of the 12 months in 2003, 4 of the 12 months in 2004 and 10 of the 12 months in 2005 accounted for all of this amount. Officials are researching these differences. A similar comment appeared in the prior Audit Reports B23799 and B25994.

As of June 28, 2006, the most recently completed cash reconciliation in the main office is for the month ending December 31, 2005.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

All local investment officers shall reconcile at least monthly the balances of public funds, as disclosed by the records of the local officers with the balance statements provided by the respective depositories. [IC 5-13-6-1(1)(c)]. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CLERK'S TRUST ITEMS OVER FIVE YEARS OLD

Our review of trust items on hand revealed that many items had been on hand for a period of five years or longer.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-3. They should not be allowed to accumulate beyond the proper time period for remittance to the Attorney General. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8).

OLD OUTSTANDING CHECKS

The Clerk of the Circuit Court has \$8,518.09 in outstanding checks that have been outstanding for five years and should be remitted to the Attorney General. Additionally, our review of the bank reconciliements as of December 31, 2005, revealed \$36,593.23 in checks outstanding in excess of two years. A similar comment was made in prior Audit Report B25994.

The Clerk of the Circuit Court should never allow checks to remain outstanding for an unreasonable length of time. In order to eliminate old outstanding checks from the records, the Clerk of the Circuit Court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. If the check was for child support, follow the procedures established to enter the check into ISETS. For all other checks, enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register or ISETS, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust or on ISETS. If the checks are not old enough to be collected by the Attorney General they should be held until the proper time period has elapsed.

(Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
EXIT CONFERENCE

The audit comments included in this report were discussed on August 17, 2006, with Rita L. Glenn, Clerk of the Circuit Court. The contents of this report were also discussed on August 17, 2006, with Cynthia A. Bodle, President of the Board of County Commissioners.