

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

EXAMINATION REPORT
OF

MARION COUNTY SMALL CLAIMS COURT
LAWRENCE TOWNSHIP DIVISION
MARION COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED
03/28/2007

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COURT OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Judge	Hon. Terry N. Hursh Vacant Hon. James A. Joven	01-01-05 to 03-01-06 03-02-06 to 03-05-06 03-06-06 to 12-31-10
Chairman of the Township Board	Michael C. Healy	01-01-05 to 12-31-07



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TO: THE OFFICIALS OF LAWRENCE TOWNSHIP, MARION COUNTY, INDIANA

We have examined the records of the Marion County Small Claims Court, Lawrence Township Division, for the period from January 1, 2005 to December 31, 2006, 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 Lawrence Township, Marion County for the years 2005 and 2006.

STATE BOARD OF ACCOUNTS

March 6, 2007

MARION COUNTY SMALL CLAIMS COURT
LAWRENCE TOWNSHIP DIVISION
EXAMINATION RESULTS AND COMMENTS

RECEIPT ISSUANCE

Receipts were not issued for overpayments and some trust checks received in the mail. Additionally, some trust checks were receipted with a receipt that was not a prescribed or approved form. A similar comment appeared in prior Report B25907.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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 Townships, Chapter 13)

UNCLAIMED MONEY OVER FIVE YEARS OLD

Our review of the Court's outstanding trust items revealed that many of these items had been outstanding for a period of 5 years or longer. These trust items in some instances, had been outstanding for a period of more than 16 years.

Indiana Code 32-34-1-20 states in part: "(c) Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . . (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3."

BANK RECONCILIATIONS

Reconcilements were attempted each month by the Court using the Court's computer system, but the reconciled bank balances and the book balances did not agree each month. An additional procedure was performed comparing the receipts and disbursements shown in the official records to deposits and checks cleared shown by the bank. The Court had an outside accountant prepare a reconciliation each month of the examination period; however, the stated ledger balance on the accountant's reconciliations did not agree to the actual balances in the Court's official records. A similar comment was in the prior Report B25907.

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 Townships, Chapter 13)

MARION COUNTY SMALL CLAIMS COURT
LAWRENCE TOWNSHIP DIVISION
EXIT CONFERENCE

The contents of this report were discussed on March 6, 2007, with Hon. James A. Joven, Judge. The official response has been made a part of this report and may be found on pages 6 and 7.



MARION COUNTY SMALL CLAIMS COURT
Lawrence Township Division

JAMES A. JOVEN
Judge

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March 16, 2007

Indiana State Board of Accounts
302 West Washington St.
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Indianapolis, IN 46204-2765

RE: Official Response to Board Examination

To Whom It May Concern:

Effective March 1, 2006, my predecessor, Judge Terry Hursh of the Marion County Small Claims Court, Lawrence Township Division, resigned from his judicial office. On March 4, 2006, I was elected to fill the vacancy, and on March 6, 2006, I took the oath of office for this judgeship.

Since taking office, I have worked to restore the Court to the level of service and accountability that the citizens of Marion County are entitled to receive from one of their courts. One of the critical areas I began to address was the Court's accounting/bookkeeping area. We have made significant strides, but efforts are still in progress.

Before I was elected to fill the vacancy, I was aware that examiners from the State Board of Accounts had conducted an examination of the Court's financial records and practices for the years 2003 and 2004, and that the examiners had identified certain issues that required attention from the Court. Upon taking office and inquiring about those issues, the Lawrence Township Trustee and Court staff informed me that the Court had undertaken steps to rectify problems identified in the examination before my tenure with the Court, although some of those steps were ongoing.

The Board's recent examination of the Court's financial records and practices for the years 2005 and 2006 shows that the Court's activities to address two of the Board's comments from the previous examination have not yet adequately rectified those issues. Additionally, Board examiners have identified another area requiring Court action.

It should be noted that each of these issues originated before my tenure in this judicial office. Nevertheless, I am taking responsibility to correct these issues in a timely, efficient, and

lawful manner, consistent with the manner in which I expect this Court to operate. Listed below are the Court's responses to the three specific comments in the recent examination report.

1. RECEIPT ISSUANCE

At the present time, the Court uses two case management and financial tracking software systems. One system utilizes a receipt that is not currently approved by the State Board of Accounts. The Court has notified the system vendor and will work to correct this issue. That same system does not now take into account overpayments to the Court. The Court has notified the software vendor that a code needs to be put in place on the system to allow receipts for overpayments to be issued.

2. UNCLAIMED PROPERTY OVER FIVE YEARS OLD

The Court will generate a report listing trust items that have been unclaimed for five or more years. The Court will attempt delivery of such trust items to the rightful owners of each item. If the Court's attempt is unsuccessful, the Court will surrender custody of those undelivered trust items to the Indiana Attorney General pursuant to the Indiana Unclaimed Property Act, Indiana Code section 32-34-1-1 *et seq.*

3. BANK RECONCILIATIONS

The Court has made a personnel change to address the issues related to bank reconciliations and other Court bookkeeping procedures. The new accountant/bookkeeper will work to correct the issue of the reconciliations not balancing with the Court's official records. The new employee has the appropriate accounting background and work experience to address these issues, and the Court pledges to work closely with the new accountant/bookkeeper, the Court's external accountant, and with the State Board of Accounts to rectify any existing bookkeeping issues.

Respectfully submitted,



James A. Joven
Judge
Marion County Small Claims Court
Lawrence Township Division

JAJ/