

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

MORGAN COUNTY, INDIANA

January 1, 2004 to December 31, 2006



FILED

09/27/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Change of Venue	4
Trust Items Over Five Years Old	4
Condition of Records	4
Audit Costs - Condition of Records.....	5
Cash Necessary to Balance, Bank Reconciliations	5
Bank Account Reconciliations	5
Public Records Retention	5
Exit Conference	6

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Vickie Kivett Marguerite (Peggy) Mayfield	01-01-03 to 12-31-06 01-01-07 to 12-31-10
President of the Board of County Commissioners	Norman Voyles	01-01-04 to 12-31-07
President of the County Council	Samuel Carlisle Kenneth Hale	01-01-04 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MORGAN COUNTY

We have audited the records of the Clerk of the Circuit Court for the period from January 1, 2004 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 Audit Results and Comments. The financial transactions of this office are reflected in the Annual Reports of Morgan County for the years 2004, 2005, and 2006.

STATE BOARD OF ACCOUNTS

May 31, 2007

CLERK OF THE CIRCUIT COURT
MORGAN COUNTY
AUDIT RESULTS AND COMMENTS

CHANGE OF VENUE

During 2006, the County held court for change of venue cases; however, the County did not bill the other counties for the expenses incurred and paid. Therefore, no revenue was recognized in 2006 to offset the associated costs.

Indiana Code 34-35-5-1 states: "In all cases, civil, criminal, or otherwise, where there is a change of venue from one (1) county to another, the county in which the cause originated and from which the change of venue is taken shall pay to the county to which the change of venue is taken all expenses incurred by the county to which the change of venue is taken."

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.

Indiana Code 32-34-1-20 (c)(6) states in part: " 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."

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Clerk of the Circuit Court. The records presented did not provide sufficient information to audit or establish receipts, disbursements, ending balances, or the accuracy or correctness of the transactions within the Clerk's Funds. Significant additional audit time was incurred due to the poor condition of the records. In addition, the County contracted with an independent CPA firm at a cost of \$5,875 to improve the condition of the accounting records.

During 2002, the Clerk noted that interest earned on the Clerk's depository accounts had not been remitted to the County. On December 13, 2002, the Clerk paid \$273,947.75 to the County Treasurer, which was believed to represent the interest earned to date. Due to the poor condition of the accounting records, the Clerk was not able to accurately establish the amount of interest earned and as a result the amount remitted to the County was incorrect. On December 28, 2004, the Clerk requested the County return excess interest distributed in the amount of \$113,950.53, and the County did distribute that amount to the Clerk. Further analysis has disclosed that this was not the amount necessary to correct the errors and balance the Clerk's bank accounts. Due to the poor condition of the accounting records, it is difficult to determine the amount the County still owes the Clerk for excess interest paid to the County. Based on information available, we have determined the County owes the Clerk \$9,825.05 which represents the net amount of excess interest distributed from the Clerk to the County, the amount required to balance the Clerk's bank accounts.

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 Court, Chapter 13)

CLERK OF THE CIRCUIT COURT
MORGAN COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

AUDIT COSTS - CONDITION OF RECORDS

Significant additional audit time was required to prepare financial statements and other information necessary for the audit report due to the poor condition of the financial records of the Clerk's Office.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 13)

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

A comparison of the records to the bank account indicated a cash necessary to balance of \$9,825.05 as of December 31, 2006.

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 Court, Chapter 13)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit or were incorrect for the period January 1, 2004 to December 31, 2005.

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."

PUBLIC RECORDS RETENTION

The Register of Fees and Funds Held in Trust register were incomplete for the audit period ending December 31, 2005.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court, Chapter 8)

CLERK OF THE CIRCUIT COURT
MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2007, with Marguerite (Peggy) Mayfield, Clerk; Norman Voyles, President of the Board of County Commissioners; Kenneth Hale, President of the County Council; and Brenda Adams, Auditor. The officials concurred with our audit findings and stated the following:

Although we agree that the \$9,825.05 is substantially correct, there is no way to positively identify the sources of error due to poor accounting practices. Accepting the \$9,825.05 as the correct amount will at least correct the bank balance with the ledger. This will enable the new administration to proceed with accurate and balanced books.

The contents of this report were also discussed via telephone with Vickie Kivett, former Clerk.