

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

EXAMINATION REPORT
OF
CLERK OF THE CIRCUIT COURT
OWEN COUNTY, INDIANA
January 1, 2007 to December 31, 2007



FILED
08/22/2008

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Harley E. Melton	01-01-07 to 12-31-10
President of the County Council	Michael L. Wood	01-01-07 to 12-31-08
President of the Board of County Commissioners	Wiley Truesdel	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF OWEN COUNTY

We have examined the records of the Clerk of the Circuit Court for the period from January 1, 2007 to December 31, 2007, 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 Owen County for the year 2007.

STATE BOARD OF ACCOUNTS

July 14, 2008

CLERK OF THE CIRCUIT COURT
OWEN COUNTY
EXAMINATION RESULTS AND COMMENTS

INTERNAL CONTROLS

As stated in the prior Report B29991, controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient: Check numbers are entered manually into the GAVEL software program. Two checks written and cleared in November 2007 were allowed by GAVEL to have the same check number. The check number on one of the checks did not match the preprinted number of the check. The software does not prohibit reusing a check number once it is issued.

Internal controls over receipts were insufficient for 2007. Duplicate receipts were marked voided without the original receipt attached.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Clerks of Circuit Courts, Chapter 13)

DEPOSITING RECEIPTS

Receipts were not always deposited in the same form in which they were indicated as being received.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited under this subsection shall be deposited in the same form in which they were received."

BANK ACCOUNT RECONCILIATIONS

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."

REPORTS OF COLLECTION FILED DELINQUENT

Reports of Collection filed with the Auditor were received delinquent. The required reports were provided to the Auditor up to two months after the collections were received by the Clerk of the Circuit Court's office.

CLERK OF THE CIRCUIT COURT
OWEN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 Clerks of the Circuit Courts of Indiana, Chapter 4)

PRESCRIBED FORMS

The following prescribed forms in use were not approved:

Form 126, Official Receipt
Form 139, Check
Form 46, Clerk's Cash Book and Daily Balance Record

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 Clerks of the Circuit Courts of Indiana, Chapter 4)

RECONCILIATION OF TRUST

The trust fund register was not reconciled with the cash book or the daily balance record. In addition, reconciliations were not completed for 2007 between the cash balance in the bank to either the trust control or trust detail. The balance in the trust fund register detail was \$6,235 more than the cash control.

At all times, the manual and 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 Circuit Courts, Chapter 13)

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.

Indiana Code 32-34-1-20 (c)(7) states in part: "For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds becomes distributable. The property or proceeds must be treated as unclaimed property under 32-34-3."

CLERK OF THE CIRCUIT COURT
OWEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 14, 2008, with Wiley Truesdel, President of the Board of County Commissioners; Michael L. Wood, President of the County Council; and Harley E. Melton, Clerk. The officials concurred with our examination findings.