

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

LAPORTE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**

09/25/2008



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Robert J. Behler, Jr. Bette L. Conroy	01-01-06 to 03-17-08 03-18-08 to 12-31-08
President of the County Council	Jerry Cooley Mark Yagelski	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	Barbara Huston William Hager	01-01-07 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAPORTE COUNTY

We have audited 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 Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of LaPorte County for the year 2007.

STATE BOARD OF ACCOUNTS

May 22, 2008

CLERK OF THE CIRCUIT COURT  
LAPORTE COUNTY  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The Clerk receives and disburses child support as mandated by the State of Indiana using computer software (ISETS) provided by the State of Indiana. This computer software provides reports on collections, disbursements, and balances, as well as reports of checks outstanding. Additionally, there is a bank account reconciling function. In November 2005 the person the Clerk assigned the reconciling duties over this area resigned. Since that date, no one has reconciled the support accounts and ledgers.

The Clerk provided an outstanding checklist as of December 31, 2007, from the ISETS system and also provided a ledger, which was not from the ISETS system. It was determined that the ledger provided did not include all transactions. For example, the transactions posted to the ledger do not include interest earned on the bank account, service charges, and some other potential adjustments. A comparison was made of the bank balance, less the outstanding checks and interest not posted to the incomplete nonsystem ledger balance, which indicated cash necessary to balance of \$88,151.65. Since the computer software for the child support is maintained through the State, the current Clerk is attempting to get assistance from the State to determine a true reconciliation and ledger balance.

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."

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)

On May 22, 2008, we, requested Bette L. Conroy Clerk of the Circuit Court, on behalf of the former Clerk of the Circuit Court, Robert J. Behler, Jr., provide adequate documentation to support an adjustment to the record balance which would reconcile it with the depository accounts. The State Board of Accounts will seek reimbursement from the former Clerk of the Circuit Court Robert J. Behler, Jr., for any adjustment not fully supported by adequate documentation.

INTERNAL CONTROLS: CLERK'S COMPUTER SYSTEM

Officials use a Manatron computer system for recording financial transactions. In order to balance each day, officials retrieve daily batches from the computer system and compare these batches to the money received; if they agree, the batches are closed. If they do not agree, corrections are determined so the batches can be closed; however, batches can be left open for an indefinite period of time, or they can be deleted from the system. Any daily batches that have not been chosen for balancing are left open in the system. This is due to a deficiency in the computer program which then allows for batches not to be included in daily balancing and the possibility of batches never being included in balancing the computer system to the daily receipts.

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 the law 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 the Circuit Courts of Indiana, Chapter 13)

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

CONDITION OF RECORDS

The Clerk maintains a record of trust activity and trust balances in a manual trust record. Trust activity and balances are also maintained electronically through computer software which also records the activity for the Clerk's overall receipts, disbursements and cash balance activities. The manual trust activity records do not agree to the electronic records for either the LaPorte or Michigan City offices. For both offices, this is because certain transactions are not recorded in the electronic trust record. For the LaPorte office, the year end trust balances agree among the manual trust, electronic trust, and cash book trust, however, at the Michigan City office, the manual trust balance was \$626,248.20, the computer trust balance was \$626,651.91, and the trust balance from the cash book was \$598,030.46. The Clerk uses the trust balance in the cash book when reconciling the trust record to the bank account.

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 the Clerks of the Circuit Courts of Indiana, Chapter 13)

INTEREST INCOME AND SERVICE FEES

The Clerk's Office (located in the City of LaPorte) is not posting interest received from the bank or service fees imposed by the bank to the ledgers. These items are being carried from month to month as reconciling items in their bank reconciliation. Since the interest and fees have not been posted, the income has not been remitted to the Auditor's office for receipt to the General Fund as required.

An official receipt must be issued for interest received to be posted in the cash book. The receipt should also indicate the security (investment) on which the interest was received and, if the security matured, the principal (original cost) of the security for use as a posting media to the daily balance record. The interest should be deposited to the interest column in the receipts section of the Cash Book of Receipts and Disbursements. The interest will then be paid to the county treasurer and quietused to the county general fund at the close of the month when fees are remitted to the county. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 9)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapters 13 and 15)

UNCLAIMED PROPERTY

The Clerk is holding funds in trust that are distributable, but remain unclaimed. These items were posted as disbursements for which checks were issued; thus the checks are included on the outstanding checklist. The Clerk's office in the City of LaPorte has \$4,146.46 and the Clerk's Office in Michigan City has \$11,443.36 in property that has been unclaimed for a period of five years or more.

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

It is the duty of the clerk to report all property of whatsoever kind or character which remains unclaimed in the office for a period of five years unless the unclaimed money is related to child support to the Attorney General of the state. Unclaimed child support funds should not be held more than ten years. The provision of this statute covers any item of trust. [IC 32-34-1-26] (Accounting and Uniform Compliance Guideline Manual for Clerks of the Circuit Courts of Indiana, Chapter 12)

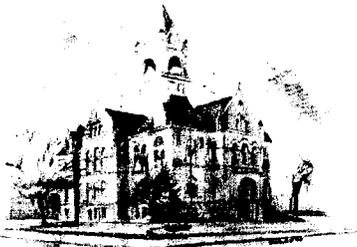
CHANGE OF VENUE

As stated in prior reports, the County held court for change of venue cases. These cases were not recorded in the "Change of Venue" Record. The County did not bill the other counties for the expenses incurred and paid. The judges have chosen not to issue their expenses; therefore, the claims cannot be submitted to the appropriate county for collection. This results in the County not receiving reimbursements for their expenses incurred in the change of venue cases.

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."

CLERK OF THE CIRCUIT COURT  
LAPORTE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 22, 2008, with Bette L. Conroy, Clerk of the Circuit Court. The official response has been made a part of this report and may be found on page 8.



## Bette L. Conroy, Clerk

(219) 326-6808 Ext. 2465

### LaPorte Circuit Court

CIRCUIT COURT DIVISION  
COURTHOUSE  
813 LINCOLNWAY, SUITE 105  
LAPORTE, IN 46350-3492  
(219) 326-6808  
Ext. 2236 & 2259

#### CLERKS RESPONSE TO STATE BOARD OF ACCOUNTS EXIT REPORT JUNE 19, 2008

Re: Michigan City not balancing in manual trust record. We are working on the problem to find out why the manual trust, electronic trust and cash book trust did not match. I will give a report to you as soon as the problem is corrected.

Re: Also, we are working with Michigan City to get assistance from the State to determine a true reconciliation and ledger balance in both offices.

Re: We are in the process to correct the batches that stay open. The batches were opened to make correction and were not posted leaving them (open) status.

Re: Last September we were told by you about the interest not being posted. Since January of 2008 we have been posting regularly the interest etc. It took awhile for the bookkeeper to start the process correctly.

Re: Our outstanding list for unclaimed funds: Our outstanding list is being cleaned up starting this year. The bookkeepers have put it on a contiguous basis to watch more closely.

Re: Balancing of child support the State is working with us on a daily basis to try and come up with a plan to help us balance.

Re: Change of Venue Cases: We again have asked the Judge to submit charges and we again have not received any. We will continue to push this issue with the Judge.

Submitted

Clerk of La Porte Circuit Court