

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

AUDIT REPORT

OF

COUNTY RECORDER

LAKE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
09/26/2008

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Recorder	Michael A. Brown	01-01-05 to 12-31-08
President of the County Council	Elsie Franklin Christine Cid	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	Roosevelt Allen, Jr. Gerry J. Scheub	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 LAKE COUNTY

We have audited the records of the County Recorder 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 Lake County for the year 2007.

STATE BOARD OF ACCOUNTS

May 20, 2008

COUNTY RECORDER
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

REMITTANCES

As stated in prior audit reports, the Recorder's office does not remit monthly collections to the County Auditor on a timely basis. Remittances were made eleven to thirty-one days after the end of the month.

Indiana Code 36-2-7-10 (a) states in part: "The county recorder shall tax and collect the fees prescribed by this section for recording, filing, copying, and other services the recorder renders, and shall pay them into the county treasury at the end of each calendar month."

Indiana Code 36-2-8-3 states: "A county officer and his deputies and other employees are entitled to payment only after the officer has reported all fees collected by his office and paid them into the county treasury."

INTERNAL CONTROLS

As stated in prior reports, we noted the following deficiencies in internal controls and the condition of the records:

1. The Fee and Cash Book is posted with a "charge" amount when an accounts receivable for recording documents is established. This "charge" amount is included in the monthly remittance made to the County Auditor although this amount has not been collected. Current month's collections are used to cover uncollected accounts receivable from the prior month when the monthly remittance is made to the County Auditor.
2. Payments for accounts receivable for copies are not posted to the Fee and Cash Book.

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Recorders of Indiana, Chapter 9)

The recorder may demand his fees before entering and recording an instrument (IC 36-2-11-6). When the recorder has received an instrument for record, he may return it to the person who presented it only after the fee for recording the instrument has been paid (IC 36-2-11-7). (Accounting and Uniform Compliance Guidelines Manual for County Recorders of Indiana, Chapter 8)

BANK RECONCILEMENT

As stated in prior reports, the Recorder does not reconcile the Fee and Cash Book to the bank balance. The Fee and Cash Book does not list cash balances, enabling a reconciliation to be performed. The Recorder's office attempts to determine a cash balance based on the bank balance adjusted for outstanding checks and outstanding accounts receivable.

COUNTY RECORDER
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(e) states: "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 County Recorders of Indiana, Chapter 9)

FEE AND CASH BOOK

As stated in prior reports, the Recorder's office uses a computerized Fee and Cash Book to post all receipts by type, disbursements, and any balances remaining. The Fee and Cash Book does not include the fees collected for copies as shown on the daily cash sheet. In addition, it does not include disbursements for the month or cash balances.

The Recorder allows certain entities to have items recorded and paid at a later date (accounts receivable). The fees for these services, as shown on the daily cash sheet, are not posted to the Fee and Cash Book on the date collected, rather they are posted on the initial date of the charge.

The Fee and Cash Book should be totaled and footed at the close of each day and the receipts verified with the cash drawer. The amount of such receipts should also agree with the deposit to be made on the following business day. At the close of each calendar month the receipts should be accumulated and monthly totals entered at the foot of each column. The monthly totals should agree with the depository balance at the close of the month, considering the deposit of any fees received on the last day of the month, and will represent the amount to be paid into the county treasury. (Accounting and Uniform Compliance Guidelines Manual for County Recorders of Indiana, Chapter 7)

ACCOUNTING RECORDS

The following errors were noted in the Recorder's department charge sheets:

1. Incorrect balances were carried over from one month to the following month.
2. Charges were posted to the wrong charge sheets.
3. Payments were not posted to the charge sheets, and therefore not applied to the outstanding balances.
4. A \$360 payment from Gary Redevelopment was posted both in January and February. It was subsequently corrected when discovered during the audit.

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 County Recorders of Indiana, Chapter 9)

COUNTY RECORDER
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2008, with Michael A. Brown, Recorder; Carolyn Pollard, Chief Deputy; Patricia Sims, Bookkeeper; Wanda Epps, Administrative Assistant; and Sherry Serence, Floor Supervisor.