

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

ST. JOSEPH COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
12/16/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Old Outstanding Checks.....	4
Reconciling the Register of Funds Held in Trust.....	5
Clerk's Trust Items Over Five Years Old.....	5
Cash Necessary to Balance, Bank Reconciliations.....	5-6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Rita L. Glenn	01-01-07 to 12-31-10
President of the County Council	Rafael Morton	01-01-07 to 12-31-08
President of the Board of County Commissioners	Steven Ross Mark A. Dobson	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF ST. JOSEPH 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 St. Joseph County for the year 2007.

STATE BOARD OF ACCOUNTS

October 2, 2008

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS

Our review of the bank reconciliation of the main office of the Clerk at December 31, 2007, showed \$27,615.10 in outstanding checks that have been outstanding for five years and should be remitted to the Attorney General. The total amount of checks outstanding in excess of two years was \$49,568.13 including the above amount. A similar comment was made in prior Reports B25994, B28220, and B31268.

The Clerk should not allow checks to remain outstanding for an unreasonable length of time. In order to eliminate old outstanding checks from the records, the Clerk should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. If the check was for child support, follow the procedures established to enter the check into ISETS. For all other checks, enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register or ISETS, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust or on ISETS. If the checks are not old enough to be collected by the Attorney General they should be held until the proper time period has elapsed.

(Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

Indiana Code 32-34-3-2(a), (b), and (c) states:

"(a) Except for money related to child support, the attorney general may collect all money that remains in the office of a clerk for at least five (5) years after being distributable without being claimed by the person entitled to the money.

(b) The attorney general may collect all money related to child support that remains in the office of the clerk for at least ten (10) years after being distributable without being claimed by the person entitled to the money.

(c) Clerks shall deliver the money described in subsections (a) and (b) to the attorney general upon demand, and the attorney general shall:

- (1) make a record of the money collected; and
- (2) turn it over to the treasurer of state."

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECONCILING THE REGISTER OF FUNDS HELD IN TRUST

As noted in prior Reports B 25994, B28220, and B31268, funds held in trust by the County are not being reconciled to the cash book. The cash book balance shows a total of cash bonds and trust funds of \$7,418,014 held by the Clerk in the main office on December 31, 2007. A summary schedule of the items making up the trust was not presented for audit. The following list of items are being held based on past audits and discussions with officials: Cash attachment bonds, attorney trust, change of venue, foreign checks, tenders into court, miscellaneous receipts, old support checks, miscellaneous trust, traffic and misdemeanor partial payments, traffic and misdemeanor bonds, felony bonds with old numbers, felony bonds, felony partial payments, escrow bonds, and juvenile payments.

In the Mishawaka Office, nothing was done to reconcile the trust to the cash book. The Mishawaka's office cash book showed that a balance of \$65,696 was held in trust at December 31, 2007. A detail of all items was not presented.

As soon as possible after the cash book and daily balance record have been closed for the month, the clerk should reconcile the trust register with these two records. Total all items appearing on and in the trust fund register. This also must be done as of the last day of the month. The total of these items must equal the balance in the trust fund column of the cash book and in the daily balance record. If there is a difference, an error has been made. It will behoove you to review the work to detect the error and make the necessary correction. Do not leave the books out of balance. If you have been accurate in posting the records daily and have proved each day's transactions, you will not have any difficulty. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

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. A similar comment was made in the prior Reports B28220 and B31268.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-3. They should not be allowed to accumulate beyond the proper time period for remittance to the Attorney General. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

From January 2003 through December 2007, the reconciliation of the main office bank account to the cash book included unidentified differences. Forty-seven of the past sixty months' reconciliations have included additional unidentified differences. Bank reconciliations for November and December of 2007 were not performed or completed until August 2008. The bank reconciliation for January 2008 was being performed in September 2008. The combined cash reconciliation of the main office showed a cash necessary to balance of \$17,473.98 at December 31, 2007.

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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)

All local investment officers shall reconcile at least monthly the balances of public funds, as disclosed by the records of the local officers and the balance statements provided by the respective depositories. [IC 5-13-6-1(1)(c)] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2008, with Rita L. Glenn, Clerk. The official concurred with our audit findings.