

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

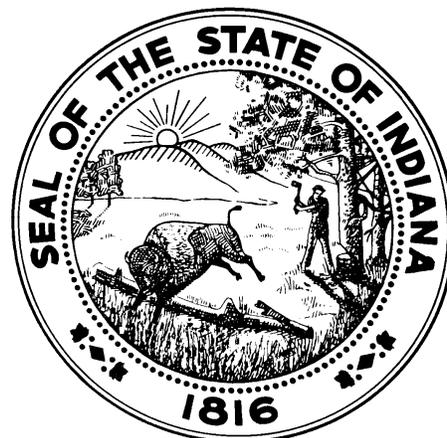
AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

MONROE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED

01/27/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Jim Fielder	01-01-07 to 12-31-10
President of the County Council	Michael Woods Vic Kelson	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of County Commissioners	Iris Kiesling Patrick Stoffers	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 MONROE 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of Monroe County for the year 2007.

STATE BOARD OF ACCOUNTS

August 21, 2008

CLERK OF THE CIRCUIT COURT
MONROE COUNTY
AUDIT RESULT AND COMMENT

SOFTWARE PILOT PROGRAM

On December 14, 2007, the Monroe County Clerk of the Circuit Court did a full computer conversion to the new Judicial Technology and Automation Committee (JTAC) computer software program provided by the Indiana Supreme Court. Monroe County is the pilot county for the program. They were unable to prepare bank account reconciliations for year end. We recommend that the Clerk's office continue to work with JTAC to resolve this condition.

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."

CLERK OF THE CIRCUIT COURT
MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2008, with Michael Flory, County Attorney; Joyce B. Poling, County Commissioner; Charles Newmann, County Council member; Sandra Newmann, County Auditor; Iris Kiesling, County Commissioner; Marty Hawk, County Council; William Steger, County Attorney; and Jeff Cockerill, County Attorney.

The contents of this report were discussed on August 21, 2008, with Jim Fielder, Clerk of the Circuit Court; and Margaret Cook, Financial Director for the Clerk of the Circuit Court. The official response has been made a part of this report and may be found on pages 6 through 8.

**JIM FIELDER
MONROE CIRCUIT COURT CLERK
301 N. COLLEGE AVENUE, ROOM 201
BLOOMINGTON, IN 47404
Phone (812) 349-2613
Fax (812) 349-2610**

August 13, 2008

We know we're embarking on a new way of doing things, including the fact that the software is a type of business software, but there are still some concerns from a clerk's ability to function as easily and liability free as possible and liability while handling public funds. And, there is a concern for our 2008 audit so we're asking that this be placed in our folder for future reference:

Permissions/Controls:

As we have been able to talk about them, there are concerns about the controls. We realize in a small county, people do multiple jobs, but in a larger office, there should be a choice of options for users. We had a system where, once a payment has been taken that individuals could only void a receipt prior to the drawer being closed and posted. It is our understanding that our former vendor was required to put sufficient controls on the system that would not allow changing or backdating of the financial records after posting. (As an example, one worker was voiding past receipts and doing new ones to correct items that had not been put into "excess" in cash bonds. Once that no longer happened, the ledger stabilized and we were able to uncover the reasons it was not in balance. Corrections were done after that when necessary.) Once posting happened, a higher level of permission was required to make a correction where monies were involved. Many times assessments have to be adjusted by staff prior to payments. Now, it is our understanding, it's an all or none situation in adjustment permissions.

In the conversion process, staff was taught (for charges from JTS already paid) that those had to be "reversed off" in order to set the judgment in place. Now having all of these permissions, they could very easily "reverse off" current payments, including court costs and other fees. They could also make changes in payments that have been taken. We know the system identifies who did what in most instances, but much damage could already be done before it is detected.

Business Date:

We are still hoping that Clerk's will have the choice of a business date. The current till system will not accommodate that.

Writing Checks:

It is our understanding that once a payment is receipted in, a check can be written before the till is even closed. We were not allowed to do that before and there is a concern about even if that is left up to a “choice of business practice” that there could be issues that would arise and again, the damage would already be done.

Reports:

We are still looking at a lot of the reports and trying to make due with what is available. We understand the monthly report that was scheduled to be here in September is being changed and I’m not sure when we will receive that report. (We’ve not been able to do one since the November 2007.) One concern, aside from the fact this is a mandated report, is that it is understood to be a true test of the cash in the bank account(s) matching the liabilities on the ledger

For the monthly report of collections, we’re currently taking the group disbursement information and transferring it to a spread sheet to fits the previous form with the exception that it does not include prior and year-to-date totals. We understand that this report is to be here in September for the monthly distribution to the auditor, but the bi-annual report to the state is under discussion. Having asked JTAC to help put this group disbursement together and hearing discussions were being held with changes to reports, etc., this was not done in June. We are working to put the report together to get funds to the state this week or as soon as possible. There’s the issue of making sure that all of the fee codes are picked in the initial set-up and then transferring all of the numbers and fund information to an excel spreadsheet.

The trust report is still being worked on. If we were able to do the AG items this year, amid all of the outstanding issues and problems, we would have to use one that was printed 12/14/07. A comparable report is being worked on. We were informed that there is a defect in the application that is keeping receipt numbers from printing on the report and the report doesn’t currently carry the comment field which is immensely valuable when going through the report. We haven’t been able to print a usable trust document to date.

Receipt Journal/Other Reports:

In trying various combinations we could find not a report comparable that was used the SBA for the daily receipts. It is our understanding that we will be able to give ranges of the receipts, so with access to the system the field auditors could test receipts. It would still be nice to have printed off the receipts as we did. It would make finding problem cases much easier – to be able to scan those sheets and not do reports and pull up each case to review.

In all of the discussions about reports, some can remain on the system, but they are not easily identifiable because titles read the same, the system is maintaining all reports (even

those that have run just trying to find information or some pages from a case), but aren't pertinent to an audit. There are three of us that could potentially have the actual report needed for an audit. It is our understanding that all can be identified with a tracking number, but we, at least at this point would have to keep a spreadsheet for each report to identify where it is located (who did the report) and to identify the specific report by the job number. We are concerned about this. This is increasing the work that needs to be done (also relying on human error) to be able to remember to sufficiently track what would be the report we will need for audit.

In addition, the standard reports are not set up on a menu and have to be created each time or memorized and then transferred to other computers. When updates are made, all of the other users have to be updated.

Distribution of Funds:

A new issue came to light in the past week when it was discovered that many corrections need to be done because of incorrect assessments. While working on one group of those, and then doing the monthly report of collections, the distribution sheet gave one number for the auditor to apply to appropriate fund, but the system pulled a higher number of funds from the general ledger account, causing it to go in the red. Because of the concern there would be enough available cash to make the corrections, the fund was checked at various points and there were available funds to distribute. The report said \$2,245.00 should be distributed for the June 30 report and there was a balance of \$3,141.66. When the check was written, the system pulled \$3,236.16 from the account, running it in the red. The report had indicated previous escrow, June receipts, and the deductions, leaving an amount for distribution less than the balance as of that date.

This particular GL account was researched from-go-live and the disbursements have outpaced the receipts each month. This information has been forwarded to JTAC/Tyler for consideration even though the initial response was that because the corrections were done in August, the system didn't know that and will recover itself when August is done. First, how did the disbursement report know and the system didn't know when it pulled the funds (which do not match the receipts). Second, two of the periods of time involve when corrections were back-dated (JTAC and Tyler worked on corrections early on and feel that the back-dating is the proper method of corrections contrary to all we have been taught) and the system still pulled more monies than the receipt or report of collections reported for the fund .

I have asked that we sit down and go over just how the system and reports are to work. Donna has indicated that we will on her next scheduled trip to Monroe. She will confirm that date as soon as it is available.

Jim Schneider, Clerk
Monroe Circuit Court
August 21, 2008
Margaret Cook
Financial Director
8.21.08