

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

ORANGE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

10/29/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Beth A. Jones Roger E. Purkhiser	01-01-05 to 12-31-08 01-01-09 to 12-31-12
President of the County Council	Alan Waynick James McDonald	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of County Commissioners	Donald R. Crockett	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ORANGE COUNTY

We have audited the records of the Clerk of the Circuit Court for the period from January 1, 2008 to December 31, 2008, 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 Orange County for the year 2008.

STATE BOARD OF ACCOUNTS

July 27, 2009

CLERK OF THE CIRCUIT COURT
ORANGE COUNTY
AUDIT RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE – CLERK'S TRUST

The former Clerk, Beth A. Jones, was not reconciling the Clerk's Trust Fund Register to the Trust Fund in the Clerk's Daily Cash Book. As of December 31, 2008, the balance in the Trust Fund Register was \$174.00 less than the amount in the Trust Fund. Although the Trust Fund in the Clerk's Daily Cash Book was cash long by \$174.00, erroneous payments in the amount of \$796.79 were made from the Trust Fund. These erroneous payments of \$796.79 exceeded the amounts actually collected and receipted to the Trust Fund. Since the bank reconciliation of the Clerk's Daily Cash Book to the depository account was also cash long by \$60.81, the net amount of cash necessary to balance is \$561.98.

As soon as possible after the cash book and the daily balance record have been closed for the month, the clerk should reconcile the trust fund register with these two records. (Accounting and Uniform Compliance Guidelines Manual for Clerk's of the Circuit Courts, Chapter 8)

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 Clerk's of the Circuit Courts, Chapter 13)

Beth A. Jones, former Clerk, was asked to reimburse the Clerk's Trust Fund for the \$561.98 cash necessary to balance. (See Summary, page 9)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances have not been completed since December 31, 2008.

IC 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 Clerk's of the Circuit Courts, Chapter 13)

REPORTS OF COLLECTION FILED DELINQUENT

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

Fees due to the State of Indiana were also paid late. The fees due on December 31, 2008, were not paid until January 9, 2009.

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

IC 33-37-7-12(a) states in part:

"Except:

- (1) for the state share prescribed by section 2 of this chapter for semiannual distributions; and
- (2) as provided under section 2(g) of this chapter, IC 33-32-4-6, and IC 33-37-5-2;

Not later than thirty (30) days after the clerk collects a fee, the clerk shall forward the fee to the county auditor if the clerk is a clerk of a circuit court . . ."

Form No. 362 has been prescribed for reporting costs and fees collected to the county auditor. The form should be prepared from the monthly totals in the Cash Book of Receipts and Disbursements (Form 27A) and is the source document which enables the county auditor to make proper distribution of costs and fees collected. (Accounting and Uniform Compliance Guidelines Manual for Clerk's of the Circuit Courts, Chapter 4)

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 Clerk's of the Circuit Courts, Chapter 13)

OLD OUTSTANDING CHECKS

Our review of the bank reconcilements as of December 31, 2008, revealed \$9,841.54 of checks outstanding in excess of two years.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board: (1) of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

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

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

DEPOSITS

As stated in the prior Report B33047, collections from the Superior Court Clerk's office were deposited later than the next business day. A review of thirteen days collections, indicated that six days receipts were not deposited by the next business day. One deposit was deposited six days late.

The Clerk's receipts were not marked as check or cash so it could not be determined if the funds were deposited in the same form as received.

IC 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

The statute also provides public funds deposited shall be deposited in the same form in which they were received. This simply means all daily receipts received by the political subdivision must be deposited intact. (Accounting and Uniform Compliance Guidelines Manual for Clerk's of the Circuit Courts, Chapter 18)

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.

IC 32-34-1-20 (c)(6) states: "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 IC 32-34-3."

OFFICIAL BONDS

Former Clerk, Beth A. Jones, was bonded by RLI Surety Company. The bonds are recorded in the Orange County Recorder's office as follows:

<u>Bond Term</u>	<u>Instrument Number</u>	<u>Amount</u>
January 1, 2005 to January 1, 2006	50268	\$15,000
January 1, 2006 to January 1, 2007	61283	15,000
January 1, 2007 to January 1, 2008	70006	15,000
January 1, 2008 to January 1, 2009	80057	15,000

CLERK OF THE CIRCUIT COURT
ORANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2009, with Roger E. Purkhiser, Clerk. The official response has been made a part of this report and may be found on page 8.

The contents of this report were discussed on July 27, 2009, with Beth A. Jones, former Clerk; Diann Mathers, Auditor; Donald R. Crockett, President of the Board of County Commissioners; and James McDonald, President of the County Council.

ROGER E. PURKHISER
ORANGE CIRCUIT COURT CLERK
1 COURT STREET
PAOLI, IN 47454
812-723-2649
FAX 812-723-0239

July 12, 2009

OFFICIAL RESPONSE

Since taking office on January 2 of this year we have made several changes in the office and hope more are forthcoming.

I have had my deputy working on the Trust Ledger book in an effort to get it balanced. It is not completed but she has spent a lot of time with it and continues to work with it. It is my intention to begin helping her with the books when I am able to return to work.

Our collections to the auditor have now become regular monthly payments. The state payments should also become regular as we are stressing that all payments are to be made promptly.

Superior Court now does a daily check-out. I transferred a second clerk to that office full time at the first of the year. We are now able to do our deposits in a timely manner since we check-out on a daily basis. In regards to marking cash or check on receipts, I will talk to them at our next office meeting.

Elizabeth and I will start reviewing our outstanding checks so we can get them cleared from the list. The items that are over five years old will be properly taken care of by sending them to the Attorney General's office.

Sincerely



Roger E. Purkhiser

CLERK OF THE CIRCUIT COURT
ORANGE COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Beth A. Jones, former Clerk:			
Cash Necessary to Balance - Clerk's Trust, page 4	\$ 561.98	\$	\$
Paid by Beth A. Jones, former Clerk, Receipt No. 35676, Deposited on October 8, 2009	<u> </u>	<u>280.00</u>	<u>281.98</u>
Totals - Beth A. Jones	<u>\$ 561.98</u>	<u>\$ 280.00</u>	<u>\$ 281.98</u>

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AFFIDAVIT

STATE OF INDIANA)
)
WASHINGTON COUNTY)

We, Phyllis Moffatt and Brandon Brough, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Clerk of the Circuit Court, Orange County, Indiana, for the period from January 1, 2008 to December 31, 2008, is true and correct to the best of our knowledge and belief.

Phyllis Moffatt
[Signature]
Field Examiners

Subscribed and sworn to before me this 8 day of October, 2009.

Shirley Bader
Clerk of the Circuit Court