

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

PARKE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

10/30/2009



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Kim Shorter	01-01-07 to 12-31-10
President of the County Council	James A. Rahn	01-01-08 to 12-31-09
President of the Board of County Commissioners	George Nicholas	01-01-08 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF PARKE 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 Parke County for the year 2008.

STATE BOARD OF ACCOUNTS

July 30, 2009

CLERK OF THE CIRCUIT COURT  
PARKE COUNTY  
AUDIT RESULTS AND COMMENTS

DEPOSITS NOT INTACT

Twenty-six of three hundred sixty-eight receipts tested were not properly completed with the payment type. Twelve of twenty deposits tested could not be verified for deposit intact. A similar comment was included in prior Report B32535.

One instance was noted that a cash refund was given to a customer three days after the original transaction.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

TIMELY DEPOSITS

Seven of twenty receipts tested for the Clerk's office were deposited later than the next business day.

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. . . ."

PRESCRIBED FORMS

The following prescribed or approved form was not always in use and was not used in the manner prescribed:

Clerk's Change of Venue Form 40

The Clerk's office did not forward the documentation (Form 40) to the Auditor's office.

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 Clerks of the Circuit Court, Chapter 2)

CONDITION OF RECORDS

The bank statement was not properly reconciled to the book during the audit period. The Clerk's office uses a computerized reconciling program, but did not compare computer balance to the Cash Book balance. The Cash Book balance was greater than the adjusted bank balance by \$1,613. A similar comment was included in Report B32535.

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)

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

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 totaling \$76,066.20. A similar comment was included in the prior Report B32535.

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 32-34-3."

RECONCILIATION OF SUBSIDIARY LEDGERS

Reconcilements were not performed between the subsidiary ledgers and the control account for Trust Funds in the Clerk's office. At December 31, 2008, the detail was \$7,515 higher than the control. A similar comment was included in the Report B32535.

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 Clerks of the Circuit Courts of Indiana, Chapter 13)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient:

1. The Clerk's Cash Book used is an excel spreadsheet. This is not an approved form. Changes can be made to any day of the form without an audit trail being created. It is unlikely that such changes would be detected if made to a prior day.
2. There is not appropriate segregation of duties between reconciling of bank accounts, signing checks and posting of Cash Book and Trust Ledger.
3. Bank reconcilements were not prepared during the audit period, but were prepared during the audit.
4. Deposits were not always made timely and intact.
5. Reconcilements of trust ledger to control were not prepared during the audit period.

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. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

CLERK OF THE CIRCUIT COURT  
PARKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 30, 2009, with Kim Shorter, Clerk; Jim Meece, County Commissioner; James A. Rahn, President of the County Council; Diana Hazlett, Auditor. The officials concurred with our audit findings.