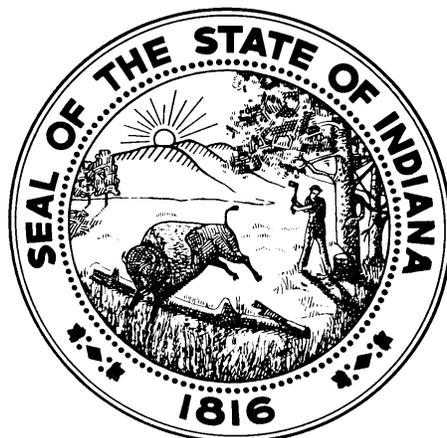


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

CITY COURT
CITY OF BICKNELL
KNOX COUNTY, INDIANA

January 1, 2008 to June 30, 2009



FILED
12/07/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
City Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Deposits	4
Timely Recordkeeping	4
Prescribed Forms	4
Condition of Records	4-5
Federal and State Agencies – Compliance Requirements	5-6
Personal Expenses	6-7
Receipt Issuance – Collections From Police Department	7-8
Transaction Recording	8-9
Audit Costs – Missing Funds	9
Official Bond	9
Exit Conference	10
Summary	11
Affidavit	13

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Jon G. Flickinger	01-01-08 to 12-31-11
Clerk-Treasurer	Rita Dupire	01-01-08 to 12-31-11
City Court Judge	D. Andrew Moreland	01-01-08 to 12-31-11
City Court Clerk	Cindy Moreland	01-01-08 to 12-31-09
President of the Common Council	Greg Bourlard	01-01-08 to 12-31-09



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 THE CITY OF BICKNELL, KNOX COUNTY, INDIANA

We have audited the records of the City Court for the period from January 1, 2008 to June 30, 2009, 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 the City of Bicknell for the year ended 2008.

STATE BOARD OF ACCOUNTS

October 15, 2009

CITY COURT
CITY OF BICKNELL
AUDIT RESULTS AND COMMENTS

DEPOSITS

In numerous instances, it was noted that fines and fees collected and received by the City Court were not deposited on the next business day. In many instances, the deposits were not made up to two months after the fines and fees were collected and received by the Court.

All funds collected by a city or town court shall be deposited not later than the business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds. (IC 5-13-6-1(d))

All funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

TIMELY RECORDKEEPING

We noted instances of over two months from the time of the original date of the transactions until entry on the records.

Prescribed Form No. 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

PRESCRIBED FORMS

The following prescribed or approved forms were not always used in the proper manner:

- (1) 213CT - City/Town Court Cash Book
- (2) 214CT - City/Town Court Receipt
- (3) 215CT - City/Town Court Check
- (4) County Form No. 41 - Fee Book (Case Log)

Prescribed records and forms must be used. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping, were present during our period of audit:

- (1) There was a lack of documentation in support of disbursements made and checks written from the City Court Fee Fund. Check duplicates for some checks written were not presented for audit nor were check images on the bank statement presented for audit.
- (2) Five checks written during the audit period were marked as void in the checkbook and the related duplicates were torn out. There were no entries in the Cash Book for these checks. However, all the checks cleared the bank for a total of \$7,030.91 during the audit period.

CITY COURT
CITY OF BICKNELL
AUDIT RESULTS AND COMMENTS
(Continued)

- (3) A deposit of \$4,100 was made to the City Court fee account on February 27, 2009. The deposit was not posted to the Cash Book nor was a detail of collections on fines provided.
- (4) Numerous tickets written by the Bicknell Police Department were not posted to the Judge's case docket book. Numerous instances were noted where cause numbers for infractions recorded in the case docket book omitted numbers within a sequence.
- (5) There were numerous instances where cash was received by the Judge from collections made by the Bicknell Police Department for infractions paid by offenders, but was not posted to the Cash Book, deposited to the court fees account, nor was a Judge's receipt written for monies received.

Prescribed records and forms must be used. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The Fee Book (County Form No. 41) is to be used as follows: The fees for court costs, witness, and any other fees or costs that are to be taxed in the cause are to be entered in the proper lines designated for that purpose. This is the form for original entry. It should be kept in such a manner as to reveal a complete record of all proceedings or actions from the time the cause is filed until judgment is entered or otherwise disposed of by the court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The clerk shall deposit all court costs collected by the clerk in accordance with IC 33-37-7-12. The clerk shall distribute the state and county share of court costs collected in accordance with IC 33-37-7-8. (IC 33-35-3-2) (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

IC 5-15-6-3 states that no financial records may be destroyed before three (3) years elapse after the date when the records were originally filed. No financial records may be destroyed until an audit by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report are satisfied. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

Prescribed Form No. 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

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 City and Town Courts, Chapter 4)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The City Court did not comply with directives of the Indiana Bureau of Motor Vehicles by filing incorrect Form SR 16's, Certification of Indiana Abstract of Court Record. An SR 16 is filed with the Bureau of Motor Vehicles when tickets are not paid on the due date or the offender fails to appear in court. These are filed so the Bureau of Motor Vehicles can suspend the offender's license until the infraction is paid. It was noted several times during the audit that the Judge would reopen an SR 16 and update it to show the offender had paid the infraction, but the payment was not posted to the Cash Book

CITY COURT
CITY OF BICKNELL
AUDIT RESULTS AND COMMENTS
(Continued)

or deposited to the bank. This is considered a misrepresentation of the status of an infraction to the BMV. The total amounts of \$748.00 and \$665.50 in payments were shown on updated SR 16's for 2008 and in 2009, through June 30, respectively. This was a total of \$1,413.50 of fines being paid according to the SR 16's filed by the Judge, that were not accounted for or deposited in the Judge's records.

Other forms have been prescribed for use in your office by the State Court Administration office, Bureau of Motor Vehicles, Auditor of State, Department of Natural Resources, and the Attorney General's Office. These agencies should be consulted if you should have questions regarding their forms. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The City/Town court receipt (Form No. 214CT) is to be printed in duplicate, pre-numbered by the printer, with the binding margin on the left side. The form shall be issued and recorded at the time of each receipt transaction. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

Prescribed Form No. 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The Fee Book (County Form No. 41) is the form for original entry. It should be kept in such a manner as to reveal a complete record of all proceedings or actions from the time the cause is filed until judgment is entered or otherwise disposed of by the court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

All funds collected by a city or town court shall be deposited not later than the business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds. (IC 5-13-6-1(d)). All funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

D. Andrew Moreland, City Court Judge, was requested to repay \$1,413.50 to the City Court. (See Summary, page 11)

PERSONAL EXPENSES

During the audit period reviewed, D. Andrew Moreland, City Court Judge, and Cindy Moreland, Court Clerk, wrote five checks out of the City Court fees bank account to themselves as the payee for a total of \$7,030.91. On February 27, 2009, a deposit of \$4,100 in cash was made to the City Court fees account, with no corresponding posting in the City Court Cash Book for the transaction. The deposit reimbursed part of the fees removed from the account when the checks were written, but the City Court fees account is still \$2,930.91 short of what is needed to disburse fees collected to the proper authorities.

The clerk shall deposit all court costs collected by the clerk in accordance with IC 33-37-7-12. The clerk shall distribute the state and county share of court costs collected in accordance with IC 33-37-7-8. (IC 33-35-3-2) (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

CITY COURT
CITY OF BICKNELL
AUDIT RESULTS AND COMMENTS
(Continued)

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 City and Town Courts, Chapter 4)

D. Andrew Moreland, City Court Judge, was requested to repay \$2,930.91 to the City Court. (See Summary, page 11)

RECEIPT ISSUANCE - COLLECTIONS FROM POLICE DEPARTMENT

The Bicknell Police Department collects infraction ticket fines if the Judge is not at court. A police officer or dispatcher will take the ticket and payment and immediately write a receipt from the police department and give a copy to the person paying the fine. The receipt notes whether the payment is cash, money order or check, and the infraction number is written on the receipt along with the payee's name. Another copy of the triplicate receipt is put with the payment and ticket and placed into the Judge's lockbox located in the Police Department. The Judge is the only person with a key to the lockbox. On court night, the Judge will open the lockbox, remove all the tickets, receipts and monies paid on infractions and post the court records for the payments. However, during the period reviewed, it was noted that some of the payments received by the police department on behalf of the Judge and placed into the lockbox were not posted to the Judge's records. In these instances, the infraction paid was not posted to the case log, a receipt was not written, and the payment was not posted to the Cash Book or deposited to the City Court fee bank account. During 2008, a total of \$3,421.50 was unaccounted for and a total of \$3,011.50 was unaccounted for in the first six months of 2009. This was a total of \$6,433 in collections by the Police Department that was unaccounted for on the City Court records or deposited to the bank.

The City/Town court receipt (Form No. 214CT) is to be printed in duplicate, pre-numbered by the printer, with the binding margin on the left side. The form shall be issued and recorded at the time of each receipt transaction. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

Prescribed Form No. 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The Fee Book (County Form No. 41) is the form for original entry. It should be kept in such a manner as to reveal a complete record of all proceedings or actions from the time the cause is filed until judgment is entered or otherwise disposed of by the court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

All funds collected by a city or town court shall be deposited not later than the business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds. (IC 5-13-6-1(d)) All funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

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 City and Town Courts, Chapter 4)

CITY COURT
CITY OF BICKNELL
AUDIT RESULTS AND COMMENTS
(Continued)

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 City and Town Courts, Chapter 4)

D. Andrew Moreland, City Court Judge, was requested to repay \$6,433 to the City Court. (See Summary, page 11)

TRANSACTION RECORDING

Some infraction tickets written by the Bicknell City Police Department were not entered in the records of the City Court. We reviewed all tickets written by the Bicknell City Police from January 1, 2008 to June 30, 2009. For 56 tickets written during 2008 and 37 tickets written during 2009: there was no entry in the fee book or case log; a payment of the fine was not posted to the Cash Book; and an SR 16 Certification of Indiana Abstract of Court Record was not filed with Bureau of Motor Vehicles to suspend the offender's license. It is the Judge's and clerk's responsibility to keep a record of all infraction tickets turned in to their court. According to the fee schedule in effect for the City Court, the 56 tickets unaccounted for in the Judge's accounting system during 2008 totaled \$6,238 in fines and fees. The 37 tickets unaccounted for through June 30 in 2009, totaled \$3,893.50 in fines and fees. This made a grand total of \$10,131.50 in unaccounted for infraction ticket fines and fees in the Judge's accounting system during the audit period.

The City/Town court receipt (Form No. 214CT) is to be printed in duplicate, pre-numbered by the printer, with the binding margin on the left side. The form shall be issued and recorded at the time of each receipt transaction. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

Prescribed Form No. 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

The Fee Book (County Form No. 41) is the form for original entry. It should be kept in such a manner as to reveal a complete record of all proceedings or actions from the time the cause is filed until judgment is entered or otherwise disposed of by the court. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

All funds collected by a city or town court shall be deposited not later than the business day following the receipt of funds in depositories selected by the city or town as provided in an ordinance adopted by the city or town and approved as depositories of state funds. (IC 5-13-6-1(d)) All funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

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 City and Town Courts, Chapter 4)

CITY COURT
CITY OF BICKNELL
AUDIT RESULTS AND COMMENTS
(Continued)

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 City and Town Courts, Chapter 4)

The clerk shall deposit all court costs collected by the clerk in accordance with IC 33-37-7-12. The clerk shall distribute the state and county share of court costs collected in accordance with IC 33-37-7-8 and IC 33-35-3-2. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

D. Andrew Moreland, City Court Judge, was requested to repay \$10,131.50 to the City Court. (See Summary, page 11)

AUDIT COSTS - MISSING FUNDS

The State of Indiana incurred audit fees in the investigation of missing funds of the City Court in the amount of \$8,326.08.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

OFFICIAL BOND

The following official bond was not filed in the office of the County Recorder: D. Andrew Moreland, City Court Judge.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

CITY COURT
CITY OF BICKNELL
EXIT CONFERENCE

The contents of this report were discussed on October 14, 2009, with Jon G. Flickinger, Mayor; Rita Dupire, Clerk-Treasurer; and Stephen M. Sandefer, Councilman-at-Large.

CITY COURT
CITY OF BICKNELL
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
D. Andrew Moreland, City Court Judge:			
Federal and State Agencies - Compliance			
Requirements, pages 5 and 6	\$ 1,413.50	\$ -	\$ 1,413.50
Personal Expenses, pages 6 and 7	2,930.91	-	2,930.91
Receipt Issuance - Collections From			
Police Department, pages 7 and 8	6,433.00	-	6,433.00
Transaction Recording, pages 8 and 9	<u>10,131.50</u>	<u>-</u>	<u>10,131.50</u>
Totals	<u>\$ 20,908.91</u>	<u>\$ -</u>	<u>\$ 20,908.91</u>

(This page intentionally left blank.)

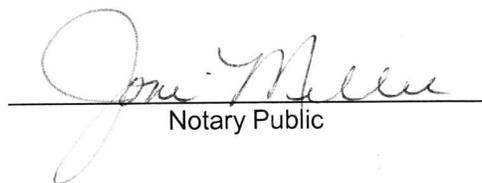
AFFIDAVIT

STATE OF INDIANA)
)
KNOX COUNTY)

I, Jonathan H. Bennington, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Bicknell City Court, Knox County, Indiana, for the period from January 1, 2008, to June 30, 2009, is true and correct to the best of our knowledge and belief.


Field Examiner

Subscribed and sworn to before me this 30th day of November, 2009.


Notary Public

My Commission Expires: 10/2/2016 (Use with Notary)

County of Residence: Greene (Use with Notary)