

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

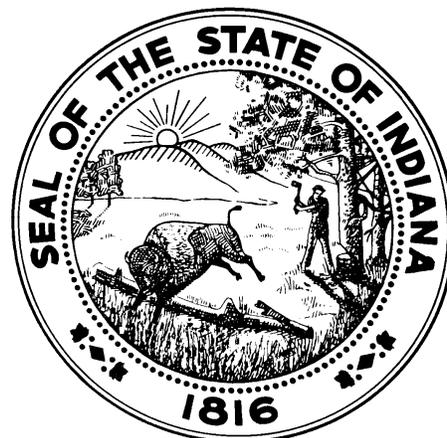
AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

HANCOCK COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

01/14/2010



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Shari Burris	01-01-07 to 12-31-10
President of the County Council	William Bolander	01-01-08 to 12-31-09
President of the Board of County Commissioners	Jack Heiden Derrick Towle	01-01-08 to 12-31-08 01-01-09 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 HANCOCK 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 Hancock County for the year 2008.

December 21, 2009

STATE BOARD OF ACCOUNTS

CLERK OF THE CIRCUIT COURT  
HANCOCK COUNTY  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

A comparison of the Clerk of the Circuit Court's records to the various bank accounts indicated there was \$79,916 more in the bank than accounted for on the records at December 31, 2008.

The Clerk of the Circuit Court has two computer systems. The older of the two systems was kept operational while the newer system was being implemented. A reconciliation of the ledger balance in the old system to the bank account balance has not been performed for several years. Procedures were implemented in 2008 to clear this account, but this money was not able to be identified or traced to the individual parties.

The internal controls over the reconciling of the Indiana Support Enforcement Tracking System (ISETS) bank account balance to the Clerk of the Circuit Court's ledger balance were insufficient. Prior to this audit period, an error in reconciling occurred and Clerk's office personnel contacted the ISETS help desk at the Indiana Family and Social Services Administration (FSSA) (now the Indiana Department of Child Services) for assistance. Reconciliation information was turned over to FSSA in 2006, who reconciled ISETS transactions to bank activity through December 2005. Also, in 2008 the County hired a consultant who reconciled ISETS transactions to bank activity through November 2006. Further attempts to reconcile the bank account balance to the Clerk of the Circuit Court ledger balance have not been attempted. Similar comments have appeared in several previous reports.

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)

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.

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 Clerks of the Circuit Courts of Indiana, Chapter 13)

IC 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 bank statements provided by the respective depositories."

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

INTERNAL CONTROLS OVER OUT-OF-STATE VENDOR

The internal controls over supplies purchased from and payments made to one particular out-of-state vendor were not sufficient.

The Clerk of the Circuit Court purchased various supplies from an out-of-state vendor, "The Rookie Shop" in Robinson, Illinois. The supplies included copy paper, election materials, preprinted forms, and miscellaneous office supplies. The Clerk signed all account payable vouchers certifying that attached invoices were true and correct and that the materials itemized thereon for which charges were made were ordered and received. However, because the Clerk of the Circuit Court purchased so many of the items in bulk, the vendor stored the bulk supplies for the Clerk and would make arrangements to bring the items to the County as they were needed. No one in the Clerk of the Circuit Court's office tracked the items purchased and used, nor maintained an inventory of items held by the vendor.

By not tracking the items purchased and stored by the vendor, the Clerk of the Circuit Court could not determine at any point in time if supplies were needed or not. This could have led to supplies being purchased when sufficient inventory may have already existed. Also, not tracking the supplies inventory could have allowed County owned materials to become lost, stolen, misplaced, or misused.

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.

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CLERK OF THE CIRCUIT COURT  
HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2009, with Shari Burris, Clerk; Derek Towle, President of the Board of County Commissioners; and William Bolander, President of the County Council. The officials concurred with our audit findings.