

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

ST. JOSEPH COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED

09/21/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Rita L. Glenn	01-01-07 to 12-31-10
President of the County Council	Rafael Morton	01-01-09 to 12-31-10
President of the Board of County Commissioners	Robert Kovach	01-01-09 to 12-31-10



STATE OF INDIANA
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TO: THE OFFICIALS OF ST. JOSEPH COUNTY

We have audited the records of the Clerk of the Circuit Court for the period from January 1, 2009 to December 31, 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 St. Joseph County for the year 2009.

STATE BOARD OF ACCOUNTS

August 2, 2010

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS

RECONCILING THE REGISTER OF FUNDS HELD IN TRUST

As noted in prior Reports B28220, B31268, B33487 and B35035, funds held in trust by the Clerk of the Circuit Court are not being reconciled to the Cash Book. The Cash Book balance shows a total of cash bonds and trust funds of \$7,806,674 held by the Clerk in the main office on December 31, 2009. A summary schedule of the items making up the trust was not presented for audit. The following list of items are being held based on past audits and discussions with officials: Cash attachment bonds, attorney trust, change of venue, foreign checks, tenders into court, miscellaneous receipts, old support checks, miscellaneous trust, traffic and misdemeanor partial payments, traffic and misdemeanor bonds, felony bonds with old numbers, felony bonds, felony partial payments, escrow bonds and juvenile payments.

In the Mishawaka Office, reconcilements of the trust to the Cash Book were not prepared. The Mishawaka's office had a balance of \$255,207 that was held in trust at December 31, 2009. A detail of all trust items was not presented for audit.

As soon as possible after the cash book and daily balance record have been closed for the month, the clerk should reconcile the trust register with these two records. Total all times appearing on and in the trust fund register. This also must be done as of the last day of the month. The total of these items must equal the balance in the trust fund column of the cash book and in the daily balance record. If there is a difference, an error has been made. It will behoove you to review the work to detect the error and make the necessary correction. Do not leave the books out of balance. If you have been accurate in posting the records daily and have proved each day's transactions, you will not have any difficulty. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

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 that were not reported as unclaimed property to the Attorney General. Similar comments were made in the prior Reports B31268, B33487 and B35035.

IC 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. . . ."

IC 32-34-1-26 states in part: "(a) A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. . . ."

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

IC 32-34-1-27 states in part: "(a) Except as provided in subsections (b) and (c), on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed. . . ."

BANK ACCOUNT RECONCILEMENTS

Bank statements were not reconciled to the account balances for the main office trust in a timely manner. As of July 7, 2010, reconcilements through August 2009 had been prepared and were presented for audit. Each of these monthly reconcilements that were prepared for 2009 contained unidentified variances. The unidentified variances were not the same amount from month to month. As of August 31, 2009, the unidentified difference was \$1,330.59 cash long. This same issue has continued from previous years as reported in prior audit reports, the most recent being Report B35035.

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 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 Clerks of the Circuit Courts of Indiana, Chapter 13)

OLD OUTSTANDING CHECKS (WARRANTS)

Our review of the bank reconciliation of the main office of the Clerk at December 31, 2009, showed \$41,050.29 in outstanding checks that have been outstanding for five years and should be remitted to the Attorney General. The total amount of these checks outstanding in excess of two years was \$66,702.34 including the above amount. A similar comment was made in prior Reports B28220, B31268, B33487, and B35035.

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 in part:

"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:

- (1) board of finance of a political subdivision; or
- (2) fiscal body of a city or town.

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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."

THEFT

The main office of the Clerk of the Circuit Court reported a theft in July 2006 in the amount of \$27,151.40. Court records show the case was prosecuted, but the Clerk has not received any correspondence from the Prosecutor regarding any restitution. The County is self-insured for this type of loss. Since it appears this amount is uncollectible, we suggested that the Clerk file a claim with the County's Self-Insurance Fund to reimburse the loss.

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2010, with Rita Glenn, Clerk of the Circuit Court. The official concurred with our audit findings.

The contents of this report were discussed on August 2, 2010, with Robert Kovach, President of the Board of County Commissioners, and Raphael Morton, President of the County Council.