

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

LAKE COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

01/26/2011



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Thomas R. Philpot Michael A. Brown	01-01-07 to 12-31-09 01-01-10 to 12-31-13
President of the County Council	Larry Blanchard Thomas O'Donnell	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of County Commissioners	Roosevelt Allen, Jr. Frances DuPey	01-01-09 to 12-31-09 01-01-10 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAKE 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 Lake County for the year 2009.

STATE BOARD OF ACCOUNTS

September 20, 2010

CLERK OF THE CIRCUIT COURT  
LAKE COUNTY  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS - HAMMOND

Traffic Division

The depository balance was not reconciled to the record balance for 2009 or for the first seven months in 2010.

Civil Division

1. The depository reconciliations were not prepared throughout 2009. The reconciliation presented for audit as of the year end was prepared on February 16, 2010. The months of May through August had reconciliations prepared on September 28, 2009.
2. Two deposits in transit for collections on June 17, 2009 and September 30, 2009 totaling \$4,606.05 as listed on the year-end reconciliation were deposited into the Traffic Division's bank account in error.
3. A 2008 carryover adjustment of \$5,890.86 continued to be reported on the December 31, 2009, bank reconciliation. Supporting documentation to verify this amount was not presented for audit.
4. Various miscellaneous 2009 adjustments for NSF checks, bank credit memos, and bank debit memos of \$970.38 were reported on the reconciliation. The officials performed no follow up to clear these adjustments.
5. The outstanding check listing included two checks totaling \$50,013 that were over two years old and should be considered void. One of these checks was for \$50,000 for the purchase of an investment in November 2007, had cleared the bank, and should not have been on the outstanding list. The other check should be receipted back into the records and removed from the outstanding check list.
6. The cash book balance does not reconcile to the bank balance. The difference is \$6,861.24. The difference is composed of \$5,890.86 carryover adjustments from 2008, and \$970.38 in 2009 adjustments.

Small Claims Division

The cash book balance does not reconcile to the bank balance. The cash book exceeds the bank balance by \$2,830.62, because of the following items:

1. A deposit in transit for collections on May 4, 2009, for \$484.00 could not be traced to a deposit in any of the bank accounts (Civil, Small Claims, and Traffic Divisions). This \$484.00 is cash necessary to balance (bank short). We requested the Clerk of the Circuit Court, Thomas Philpot, to reimburse the Lake County Clerk of the Circuit Court \$484.00 for the missing bank deposit from 2009. (See Summary, page 19)

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2. Cash short of \$1,700 from prior years, continue to be included as reconciling items and has not been pursued for collection. \$1,350 of this was from a specific individual that shorted the Clerk's office in 2006. The cash short increased \$350 in 2008. This \$1,700 is cash necessary to balance (bank short). We requested the Clerk of the Circuit Court, Thomas Philpot, to reimburse the Clerk of the Circuit Court's Small Claims Division \$1,700.00 for collections not pursued during his term. (See Summary, page 19)
3. A computer error of \$210 from October 2002 continues to be included as a reconciling item. The correction should have been recorded in 2002 and needs to be deducted from the cash book.
4. A 2008 carryover adjustment of \$303.16 continued to be reported on the reconciliation (bank short). Supporting documentation to verify this amount was not presented for audit.
5. Various miscellaneous 2009 adjustments for NSF checks, bank credit memos, and bank debit memos of \$133.46 were reported on the reconciliation. The officials did not perform any follow up procedures to clear these adjustments because reconciliations were not completed in a timely manner.

We noted additional items in regards to the bank reconciling process as follows:

1. The depository reconciliations were not performed monthly throughout 2009. The reconciliation presented for audit as of December 31, 2009, was prepared on February 15, 2010. The months of January through August had reconciliations prepared in October 2009.
2. Another deposit in transit for collections on May 13, 2009, for \$3,375.95 as listed on the year-end reconciliation was deposited into the Traffic bank account in error during 2009.
3. The year end outstanding check list contains \$9,425.54 in checks that are over two years old and are considered void. These should be receipted back into the records and removed from the outstanding list.

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 Court, Chapter 13)

In order to eliminate old outstanding checks from the records, perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.

CLERK OF THE CIRCUIT COURT  
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2. If the check was for child support, follow the procedures established to enter the check into ISETS. For all other checks, enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore, when all such checks are charged to the records and reinstated in the trust register or ISETS, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust or on ISETS. If the checks are not old enough to be collected by the Attorney General they should be held until the proper time period has elapsed.

The entry in the cash book, for non-child support outstanding checks, should be:

"Old Outstanding Check No. issued (date), to (Name)," and extend the amounts to the total and trust fund columns. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court, Chapter 8)

#### BOND COVERAGE

The Clerk of the Circuit Court has official bonds for \$300,000 from Ohio Casualty Insurance Company, Bond # 3-688-030, covering December 31, 2003 to December 31, 2006, and covering December 31, 2006 to December 31, 2009.

#### OFFICIAL BOND NOT RECORDED

The Clerk of the Circuit Court had the above official bonds, but did not record them in the County Recorder's office as required by statute.

The official bonds of the clerks of the circuit courts shall be filed and recorded in the recorder's office of their respective counties. [IC 5-4-1-5.1] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 2)

#### CONDITION OF FINANCIAL RECORDS – HAMMOND

The following deficiencies exist regarding the financial records of the Clerk's Hammond location:

1. Record balances were not reconciled to the depository balances throughout the year. The Civil and Small Claims Divisions' bank reconciliations for all of 2009 were not prepared until October and December 2009 and February 2010. The Traffic Division's bank reconciliations for all of 2009 have not been prepared as of August 2010.

CLERK OF THE CIRCUIT COURT  
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2. Deposits were not made on a daily basis.
3. The financial documents were generally in disarray, causing some documents not to be located for audit, including some bank statements, bank deposit slips and bank deposit tickets.
4. Bank statements for 2009 for the Traffic Division were observed to be unopened, therefore, indicating there was no attempt to reconcile the records to the depository balance.
5. Bank notices for NSF checks, deposit adjustment letters, and answers to interrogatories from the bank were observed unopened. These were opened in the auditors' presence while performing the audit for 2009 in August 2010.
6. Envelopes with 2010 bank statements for the Civil, Small Claims, and Traffic Divisions were observed unopened.
7. Online traffic credit card payments received from individuals do not reconcile to the bank deposits. The Clerk's staff does not verify that online traffic credit card payment receipts agree with the related amounts deposited to the bank.
8. Monthly reconcilements between the Cash Book (Account Balance Listing) and the Trust Register (Open Items Detail) were not presented for audit.
9. Court ordered trust investment bank statements for 2009 and 2010 were observed unopened, therefore indicating there was no attempt to record the interest earned and other activity on these trust statements.
10. Receipt Batch Listings (receipts for the day) report the payment composition type (cash, money order, check) received. When these reports did not agree with the actual deposits to the bank, an explanation was not provided for audit.
11. Account Balance Listing (ABL) Cash Book did not agree with the Report of Collections remitted.
12. We noted instances of deposits being made to the wrong bank account. These were not detected since the traffic division bank accounts had not been reconciled.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 13)

All local investment officers shall reconcile at least monthly the balances of public funds, as disclosed by the records of the local officers with the balance statements provided by the respective depositories. [IC 5-13-6-1(c)] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 8)

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, Chapter 13)

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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 Courts, Chapter 13)

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, Chapter 13)

REPORTS OF COLLECTION - HAMMOND

On a monthly basis the Report of Collections, General Form 362, is prepared at the Hammond location and submitted to the Clerk. The information to prepare these reports should come from the ABL, Account Balance Listing (Cash Book). The Reports of Collections do not agree with the ABL for all three areas (Small Claims, Civil, and Traffic) for the collection types reported on the Report of Collections as follows: three of the eight collection types for Small Claims, five of the seven collection types for Civil, and thirteen of the seventeen collection types for Traffic. The officials could not explain the differences. We could not verify the accountability of the proper distribution of the costs and fees collected at the Hammond location.

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 Courts, Chapter 13)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 13)

Report of Collections, General Form 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 Clerks of the Circuit Courts, Chapter 4)

UNTIMELY DEPOSITS - HAMMOND

The Hammond location of the Lake County Clerk's office did not remit collections to the bank in a timely manner. During December 2009, deposits were made up to 29 days after the funds were collected. Deposits to the bank were only made 3 times for March 2009 collections. This resulted in over 45 receipt batches for the 3 Hammond Clerk's Office Divisions (Traffic, Civil, and Small Claims) being deposited on these 3 days. Consequently, 3 deposits that year were deposited into the wrong bank account and were not discovered until our audit over 1 year later.

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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. . . ."

DEPOSIT COMPOSITION - HAMMOND

We were unable to trace deposit composition for the Clerks' Hammond Small Claims and Civil Divisions' for December since bank deposit slips could not be located for audit. We were missing only three of the December bank deposit slips for Traffic. A Daily Receipt Batch report noted that the collections deposited were cash short \$264 with no explanation for the discrepancy. Another December 2009 Traffic bank deposit composition was short \$134.50 cash but had \$134.50 more in checks/money orders deposited than reported on the daily receipt batch report. During the daily closeout, if there are composition discrepancies between the computerized daily receipt batch report and the actual bank deposit, explanations are required and should be noted on the daily batch report.

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

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Clerks of Circuit Courts of Indiana, Chapter 13)

IC 5-15-6-3 (f) concerning destruction of public records states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

COURT ORDERED INVESTMENTS - HAMMOND

Controls for the court ordered investment were deficient. The court ordered investment ledger was not maintained in 2009. Numerous Court ordered investment bank statements for 2009 had not been opened when we arrived to audit. These were opened in the auditors' presence while performing the 2009 audit in August 2010.

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 Court, Chapter 13)

IC 5-13-6-1(1) (e) states in part: "All local investment officers shall reconcile at least monthly the balances of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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UNALLOWED USE OF COUNTY CLERK INCENTIVE FUND

In January 2009 and October 2009, the former Clerk of the Circuit Court, Thomas Philpot, received \$9,101.79 and \$5,105.10, for a total of \$14,206.89 from the County Clerk Incentive Fund (428-0100) for administration of the child support workforce. The Clerk is an elected official. The County Council did not approve payments from the County Clerk Incentive Fund for an increase or supplemental salary of the Clerk of the Circuit Court, as required by law.

The payments were made based upon a written opinion from the attorney representing the Clerk of the Circuit Court. On February 16, 2010, reimbursement was made in the amount of \$24,704.77 to the County Clerk Incentive Fund. This payment was for four years of payments he had previously received from this fund and \$5,243.30 in interest.

IC 31-25-4-23 (c) states: "Amounts received as incentive payments may not, without the approval of the county fiscal body, be used to increase or supplement the salary of an elected official. The amounts received as incentive payments must be used to supplement, rather than take the place of, other funds used for Title IV-D program activities."

REPORT OF COLLECTIONS

The Clerk of the Circuit Court has offices in multiple locations (Crown Point, East Chicago, Gary and Hammond) and divisions (Civil, Small Claims, Criminal, and Traffic), within these locations. These locations and divisions remit a "Report of Collections" each month to a central location, Crown Point Civil, for all County fees collected. This centralized office compiles these reports into one summary "Report of Collection." This report is used to identify the deposit (receipts) for the various funds when receipted into the County Auditor's ledger. We totaled the individual "Report of Collections" and compared this to the total on the summary "Report of Collections" remitted to the Auditor's office. The combined individual "Report of Collections" totaled \$5,815.04 more than the summary "Report of Collections" for the year ended December 31, 2009. We noted mathematical errors on some of the year to date "Reports of Collections." Differences between the individual "Report of Collections" and the summary, "Report of Collections," resulted in funds and revenue classifications in the County Auditor's records to be misclassified.

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, Chapter 13)

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INTERNAL CONTROLS AND BANK RECONCILIATIONS

The County Clerk's offices have been using Court View (a case management and financial software program) for several years. All financial transactions are processed through the Court View software system. However, several of the County Clerk's Divisions do not reconcile the adjusted bank balances to Court View's cash balance. Officials stated that the beginning balances for the trust accounts were not all entered into the Court View software system, when the system was initially implemented and this has caused the discrepancies. By not reconciling to the official Court View system, current year errors within the system would not be detected. We noted the following at the various Clerks offices:

Crown Point - Civil

A manual cash book ledger has been maintained and is used to reconcile to the adjusted bank balance. However, the "Bank Balance Listing" report generated from the Court View system is \$4,586,302 less than the manual cash book. The total receipts and disbursements for 2009 in Court View materially agreed to the total receipts and disbursements in the manual Cash Book.

Crown Point - Traffic

The Traffic Division does not reconcile the adjusted bank balance to the balance calculated by the Court View software. The "Account Balance Listing" (ABL) in Court View is a computerized summary by account, which presents the various receipts collected, disbursed and the related ending balances. Instead, the adjusted bank balance is reconciled to an Excel checkbook spreadsheet (commercially purchased software program). This spreadsheet is prepared by the Traffic Division bookkeeper from daily receipts and disbursements generated by the computer system and from the related bank activity (deposits, credits and withdrawals). At December 31, 2009, the adjusted bank balance, and the Excel checkbook spreadsheet were \$87,684.92 less than the ledger balance (ABL). This is due to interest and stale dated outstanding checks not being correctly posted into the Court View system.

Crown Point - Criminal

The Criminal Division reconciled to the Court View ABL. However, reconcilements have not been prepared in a timely manner. Bank reconcilements for January through July 2010, had not been prepared as of August 16, 2010.

East Chicago - Civil

At December 31, 2009, the adjusted bank balance for the Clerk's office in East Chicago was \$102,134 greater than the "Account Balance Listing" (ABL) report in Court View. Officials incorrectly treated the purchase of an investment for \$100,000 in the Court View system. The disbursement to purchase the investment was posted in Court View, but the acknowledgment of the investment on hand was not properly processed in the Court View system. The \$2,134 was an unidentified bank long.

Gary - Civil

The adjusted bank balance is reconciled to the manual cash book. However, the manual cash book does not agree to the cash balance in the Court View System, due to the initial incomplete conversion to the Court View system. At December 31, 2009, the manual cash book is \$162,271.77 greater than the Court View System generated "Account Balance Listing" report (ABL).

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Bank reconcilements were not prepared in a timely manner. As of August 19, 2010, only bank reconcilements through April 30, 2010, had been completed.

IC 5-13-6-1e 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, Chapter 13)

INVESTMENTS NOT DEPOSITED TIMELY – CROWN POINT CIVIL

Investments of \$375,000 were redeemed on December 16, 2009. The cashier's checks from the bank for these investments were held in a secure location until April 6, 2010, before depositing into the Clerk's savings account. Interest revenue lost could not be determined.

IC 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 18)

INVESTMENT INTEREST NOT REMITTED TO GENERAL FUND – CROWN POINT CIVIL

Interest earned on the savings account in the amount of \$22,483.57 was not receipted and remitted to the County General Fund.

Interest is to be credited to the political subdivision funds as indicated below:

All interest derived from an investment by a political subdivision under the authority granted by IC 5-13-9-3 shall be deposited, except as otherwise provided by law, in the general fund of the political subdivision or in any other fund the governing board designates specifically or by rule, subject to the modifications and limitations in IC 5-13-9-6. [IC 5-13-9-6(a)] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 18)

Interest on investments should not be added automatically to the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 18)

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TRANSACTION RECORDING - SMALL CLAIMS GARNISHMENTS

Amounts owed per the computer system were less than or in excess of, the court ordered garnishment and court costs net of payments received. The differences were attributed by Clerk's staff to simple interest charged to the garnishee as ordered. However, the amount of the differences could not be identified separately, or verified to a supporting entry in the computerized docket as interest. Additionally, the computer system in use does not calculate or verify the interest. This must be computed manually by the Clerk's staff, which increases the potential for an error to occur without being detected in calculating and charging interest on small claims garnishments. A similar comment appeared in prior reports.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

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)

BANK FEES - EAST CHICAGO

In December 2009, the bank began charging fees (\$82.00 per month) for excessive withdrawal/ deposit items. The bank also stopped paying interest on this checking account at the same time. The bank has not refunded these fees. Collections are reduced by this fee prior to being forwarded to the County.

Officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 13)

The statute (IC 5-13-6-1) 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 Clerks of the Circuit Courts, Chapter 18)

The law requires the clerk to pay all fees due the county to the treasurer at the end of each month. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 8)

TRUST FUND REGISTER - GARY

A detail listing of individual trust balances at December 31, 2009, was not provided for audit. Officials do not routinely reconcile a detail trust fund register, Form 44, to the total funds held in trust in the cash book.

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This record is commonly referred to as the "trust fund register." It is a register wherein money received for the benefit of all persons or parties, except support, is entered in detail. The posting to this record is made from the clerk's duplicate receipts and checks and from the trust column of the cash book. Items entered in other columns of the cash book must not be posted in the trust fund register. The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the cash book. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 4)

COURT ORDERED INVESTMENTS - GARY

Ledgers and/or the bank statements for three court ordered investments were not provided for audit. These cases appear to be old and may have been distributed. Bank statements supporting closed accounts were not available.

IC 5-15-6-3 (d) concerning the removal and destruction of records states: No financial records or records relating thereto shall be destroyed until the earlier of the following actions:

1. The audit of the records by the State Board of Accounts has been completed, report filed, and any exceptions set out in the report satisfied.
2. The financial record or records have been copied or reproduced as described in subsection (e).

(Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 15)

PUBLIC RECORDS MANAGEMENT CONSULTANT

Beginning in October 2008, the County Commissioner's contracted with a consultant for \$2,500 per month to provide services as a public records management consultant. This contractor presides over quarterly Local Commission on Public Records (LCPR) meetings, prepares agendas, and posts public notices. The consultant also serves in an advisory capacity for other County offices and local units regarding destruction of public records. In 2009, the consultant received \$30,000 from the County for these services. The Clerk chose this contractor to be his proxy at LCPR meetings. By Statute, the Clerk of the Circuit Court is to act as Secretary for this Commission without additional compensation as part of his elected position.

IC (IC) 5-15-6-1 creates in each county a commission known as the "County Commission of Public Records of \_\_\_\_\_ County." IC 5-15-6-2 sets out the duties and responsibilities of the commission. It is the duty of the commission to determine the following:

1. Which public records, if any, are no longer of official or historical value.
2. Which public records are of current official value and should be retained in the office where they are required to be filed.
3. Which public records are of official value but are consulted and used so infrequently that they are no longer of appreciable value to the officer with whom they are required to be filed.

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4. Which public records are of no apparent official value, but which do have historical value.
5. Adopt and implement retention schedules for use by local governmental officials as part of a records management program for local government public records at the first meeting of the county commission after the commission receives a retention schedule for the local government approved by the oversight committee on public records as established by IC 5-15-5.1-18.

The following officers make up the commission:

1. Judge of the Circuit Court (Ex Officio);
2. President of the Board of County Commissioners;
3. County Auditor;
4. Clerk of the Circuit Court (Secretary);
5. County Recorder;
6. Superintendent of Schools of the school district in which county seat city is located.
7. City Controller or Clerk-Treasurer of the county seat city or town.

(Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 15)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 13)

SUBSEQUENT EVENT - OFFICIAL'S BOND

The County Clerk of the Circuit Court does not have an official's surety bond for 2010.

The clerk is required to give a bond conditioned for the faithful discharge and performance of the clerk's duty. The bond must be given before the commencement of the clerk's term of office. If the clerk fails to give the bond before that time, the clerk may not take office. All official bonds shall be payable to the state of Indiana and shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof. [IC 5-4-1-9, 10] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 2)

County council may, by ordinance, authorize a blanket bond or crime insurance policy for clerks of the circuit court in lieu of an individual surety bond. [IC 5-4-1-18] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 2)

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

IC 5-4-1-18(c) states in part:

The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond . . . The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee.

The official bonds of the clerks of the circuit courts shall be filed and recorded in the recorder's office of their respective counties. [IC 5-4-1-5.1] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 2)

The cost of the bond of the clerk of the circuit court or employee shall be paid out of the general fund of the county. [IC 5-4-5-2] (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 2)

CLERK OF THE CIRCUIT COURT  
LAKE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 30, 2010, with Thomas R. Philpot, former Clerk of the Circuit Court.

The contents of this report were discussed on September 30, 2010, with Michael A. Brown, Clerk of the Circuit Court; and Marilyn E. Hrnjak, Chief Deputy Clerk. The official response has been made a part of this report and may be found on page 18.



**THE BOARD OF COMMISSIONERS  
OF THE COUNTY OF LAKE**

2293 North Main Street  
Crown Point, Indiana 46307  
Phone: (219) 755-3200  
Fax: (219) 755-3064

Roosevelt Allen, Jr., First District  
Gerry J. Scheub, Second District  
Frances DuPey, Third District

January 19, 2011

Paul D. Joyce, CPA  
Deputy State Examiner  
State of Indiana  
State Board of Accounts  
302 West Washington Street, RM-E418  
Indianapolis, Indiana 46204-2765

Re: Notice of Result of Examination  
January 7, 2011

Dear Mr. Joyce:

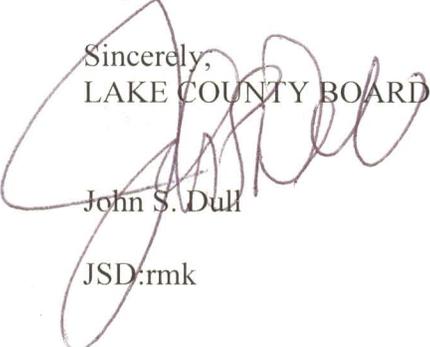
The Lake County Council under IC 5-4-1-18(c) has authorized a \$15,000.00 blanket bond to cover situations described in your audit note.

The claim will be submitted to Ohio Casualty with whom the county has its blanket bond.

The county has in the past where clearly the direct responsibility was that of an employee submitted these claims through our bonding company. The most recent was the situation involving Wanda White a former employee of the Treasurer's office who took money. At that time there was not effort to collect from the Lake County Treasurer but the collection effort was submitted to the holder of the blanket bond.

I will be submitting the claim for the funds indicated in your letter to the aforementioned company after that company has processed the claim and given the county an answer I will respond.

Sincerely,  
LAKE COUNTY BOARD OF COMMISSIONERS' ATTORNEY

  
John S. Dull

JSD:rmk

CLERK OF THE CIRCUIT COURT  
LAKE COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Thomas R. Philpot, Clerk of the Circuit Court: Bank Account Reconciliations - Hammond, pages 4 through 6	\$ 484.00	\$ -	\$ 484.00
Thomas R. Philpot, Clerk of the Circuit Court: Bank Account Reconciliations - Hammond, pages 4 through 6	<u>1,700.00</u>	<u>-</u>	<u>1,700.00</u>
Totals	<u>\$ 2,184.00</u>	<u>\$ -</u>	<u>\$ 2,184.00</u>

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AFFIDAVIT

STATE OF INDIANA            )  
  )  
LAKE COUNTY)

We, Barbara A. Williams, Lori Adney, Cynthia M. David, and Jane E. Elder, 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, Lake County, Indiana, for the period from January 1, 2009 to December 31, 2009, is true and correct to the best of our knowledge and belief.

Barbara A. Williams  
Lori Adney  
Cynthia M. David  
Jane E. Elder  
Field Examiners

Subscribed and sworn to before me this 13<sup>th</sup> day of January, 2011.



Madison Dupree  
Notary Public

My Commission Expires: \_\_\_\_\_  
County of Residence: Lake