

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, 2010 to December 31, 2010



FILED

08/25/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Rita L. Glenn Terri J. Rethlake	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the County Council	Raphael Morton	01-01-10 to 12-31-11
President of the Board of County Commissioners	Robert Kovach	01-01-10 to 12-31-11



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, 2010 to December 31, 2010, 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 2010.

STATE BOARD OF ACCOUNTS

July 20, 2011

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

DEPOSITS

For the month of December 2010, receipts from the main office were deposited later than the next business day, every day of the month except one. Seven of those days receipts were deposited two business days late, one was three days late and one was four days late. For the same period, receipts for support from the main office were deposited later than the next business day, on fourteen of twenty business days. For Small Claims receipts, in December 2010, receipts were deposited at least one day late on ten of fourteen days tested. For the Mishawaka office, four of five deposits tested in December 2010 were at least one day late.

Indiana Code 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. . . ."

RECONCILING THE REGISTER OF FUNDS HELD IN TRUST

As noted in prior Reports B31268, B33487, B35035, and B37539 funds held in trust by the County are not being reconciled to the Cash Book. The Cash Book balance shows a total of cash bonds and trust funds of \$4,472,261 held by the Clerk of the Circuit Court in the main office on December 31, 2010. 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, nothing was done to reconcile the trust to the Cash Book. The Mishawaka's office had a balance of \$206,054 that was held in trust at December 31, 2010. A detail of all 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. Similar comments were made in the prior Reports B31268, B33487, B35035, and B37539.

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

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-3. They should not be allowed to accumulate beyond the proper time period for remittance to the Attorney General. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

BANK ACCOUNT RECONCILEMENTS

When we began our audit for 2010, bank reconcilements had only been prepared through July 2009. A similar comment was included in the prior report, file number B37539. Reconcilements are currently done each month.

Bank reconcilements included unidentified differences for every month. The total of these differences for 2010 was \$14,106.23 long, which includes an adjustment of \$20,661.60 for void checks which were found on the list of outstanding checks and were removed. These have not been allocated to specific months. Total unidentified differences for years prior to 2010 were \$13,592.13 short, for a total unidentified difference of \$514.10 long. The schedule below shows the unidentified differences by month.

Month	Difference Short (Long)
Before 2008	\$ (1.92)
January 2008	509.64
February 2008	339.88
April 2008	889.95
May 2008	(1,434.30)
June 2008	2,013.69
July 2008	2,657.03
August 2008	276.75
September 2008	218.25
November 2008	(0.50)
December 2008	220.00
January 2009	(114.88)
February 2009	93.00
March 2009	(1,792.50)
April 2009	(234.66)
May 2009	(131.49)
June 2009	19.39
July 2009	2,066.00
August 2009	(1,235.45)
September 2009	(2,221.90)
October 2009	5,805.82
November 2009	1,426.94
December 2009	4,223.39

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

Month	Difference Short (Long)
January 2010	(46.28)
February 2010	20.02
March 2010	(153.50)
April 2010	500.00
May 2010	1,418.10
June 2010	(7,242.21)
July 2010	669.54
August 2010	6,752.32
September 2010	4,721.73
October 2010	(4,347.14)
November 2010	3,213.33
December 2010	1,049.46
Void Check Adjustment	(20,661.60)
Total	\$ (514.10)

Indiana Code 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 reconciliations as of the main office of the Clerk of the Circuit Court at December 31, 2010, showed \$49,608.88 in checks that have been outstanding for five years and should be remitted to the Attorney General. The amount of the checks that have been outstanding in excess of two years was \$80,604.22, including the above amount. A similar comment was made in prior Reports B28220, B31268, B33487, B35035, and B37539.

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.
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.

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

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.

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-3. They should not be allowed to accumulate beyond the proper time period for remittance to the Attorney General. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CLERK OF THE CIRCUIT COURT
ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2011, with Terri J. Rethlake, Clerk of the Circuit Court, and Rita Glenn, former Clerk of the Circuit Court.

The contents of this report were discussed on July 20, 2011, with Robert Kovach, President of the Board of County Commissioners, and Raphael Morton, President of the County Council. The officials concurred with our audit findings.