

**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, 2010 to December 31, 2010



**FILED**

10/12/2011



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Sharon E. Burris Marcia R. Moore	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the County Council	William Bolander	01-01-09 to 12-31-11
President of the Board of County Commissioners	Derek Towle Brad Armstrong	01-01-09 to 12-31-10 01-01-11 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HANCOCK 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 Hancock County for the year 2010.

STATE BOARD OF ACCOUNTS

August 2, 2011

CLERK OF THE CIRCUIT COURT  
HANCOCK COUNTY  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN BANK BALANCES**

The daily bank account balance for the Indiana Support Enforcement Tracking System (ISETS) Fund was overdrawn twenty one times during 2010.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerk of the Circuit Court, Chapter 13)

**BANK ACCOUNT RECONCILIATIONS**

The Hancock County Clerk's office has two separate accounts to reconcile. The first account is the money held in cash and trust and the second account is the Indiana Support Enforcement Tracking System (ISETS) account. The internal controls over the reconciling of these two accounts have not been sufficient for many years, resulting in several prior audit comments.

Currently, the cash and trust accounts maintained by the Hancock County Clerk's office has been identified with a cash long in the amount of \$108,394. This difference can be identified directly to one bank account and one investment account (Certificate of Deposit) not included in their financial system. The Certificate of Deposit in the amount of \$55,000 has been carried forward since 1986 and a bank account containing monies from the old financial system not recorded in the new financial system or transferred to the new bank account has remained since 2004. We recommend that the Hancock County clerk attempt to identify the source of these accounts and discuss with the governing body an appropriate course of action for these funds.

The ISETS bank account also has a large unidentified variance. In 2006, an error in reconciling occurred and Clerk's office personnel contacted the ISETS help desk at the Indiana Family and Social Services Administration (FSSA) 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 ISETS ledger balance were not attempted by the former Clerk, Sharon E. Burris, until September 2010.

Similar comments have appeared in several previous reports.

Subsequent to the audit period the current Clerk, Marcia R. Moore, met with representatives of the Indiana Department of Child Services, who has since taken over administration of this system from FSSA, and has preformed reconcilements for 2010. The bank account has been reconciled to a cash shortage in the amount of \$49,896.38. The shortage has been carried forward since the reconciliation by the state in 2006 and is not easily identifiable based on current documentation available.

The Hancock County Clerk is still in the process of ensuring that the bank reconciliation is accurate by reviewing all reconciling items, including outstanding checks, and the accounting for duplicate checks issued in 2009. Upon completion of this review and review of the source of the funds identified as not included in the cash and trust financial system, the clerk, along with the governing body will have to determine the necessary adjusting entries to reconcile both accounts.

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

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 Clerk of Circuit Courts, Chapter 13)

**OLD OUTSTANDING CHECKS**

Our review of the Indiana Support Enforcement Tracking System (ISETS) bank reconciliation as of December 31, 2010, revealed checks outstanding in excess of two years in the amount of \$7,637. Of this amount \$2,826 is over five years old and should be sent to the Indiana Attorney General's office as unclaimed. The Clerk of the Court should follow the procedures established by the Indiana Department of Child Services and enter the remaining \$4,811 into the ISETS computer system.

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.
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. (Accounting and Uniform Compliance Guidelines Manual for Clerk of Circuit Courts, Chapter 8)

Indiana Code 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."

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

Indiana Code 5-11-10.5-3 states:

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

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

Indiana Code 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: . . . (8) For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable . . ."

Indiana Code 32-34-1-26(a) states in part:

"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 . . ."

Indiana Code 32-34-1-27(a) states:

"Except as provided in subsections (b) (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."

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

**NONFEASANCE IN COLLECTION OF DUPLICATE CHECKS ISSUED**

Sharon E. Burris, former Clerk, failed to comply with Indiana Code 33-32-4-6 by not submitting information to the Hancock County Prosecutor's office concerning the collection of duplicate child support checks issued in 2009. Sharon E. Burris was instructed by the State Board of Accounts as to the required actions that must be taken via emails in 2010 and in the Clerk of the Court 2009 supplemental Report B37519. In May 2010, the Hancock County Auditor issued a check to the Hancock County Clerk of the Court from the County General Fund in the amount of \$5,560.08 to maintain the balance of the Indiana Support Enforcement Tracking System (ISETS) bank account. As of December 31, 2010, Sharon E. Burris, former Clerk, did not provide the Hancock County Prosecutor's office with the information required by Indiana Code 33-32-4-6.

Known outstanding checks issued in 2009	\$ 5,560.08
Amount of repayments received in 2011	<u>1,096.25</u>
Balance sent to Hancock Country Prosecutor	<u>\$ 4,463.83</u>

Having failed to follow Indiana Code in attempting to collect an amount due for the duplicate checks issued, Sharon E. Burris, former Clerk, is responsible for repayment of \$4,463.83.

We requested that Sharon E. Burris, former Clerk, make restitution to the Hancock County General Fund in the amount of \$4,463.83.

Indiana Code 33-32-4-6 states:

"If the state central collection unit or the clerk improperly disburses funds in the manner described by section 5 of this chapter, the state central collection unit or the clerk shall do the following:

- (1) Deduct the amount of funds improperly disbursed from fees collected under IC 33-37-5-6.
- (2) Credit each account from which funds were improperly disbursed with the amount of funds improperly disbursed under section 5 of this chapter.
- (3) Notify the prosecuting attorney of the county of:
  - (A) the amount of the improper disbursement;
  - (B) the person from whom the amount of the improper disbursement should be collected; and
  - (C) any other information to assist the prosecuting attorney to collect the amount of the improper disbursement.
- (4) Record each action taken under this subsection on a form prescribed by the state board of accounts."

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

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 13)

**BOND COVERAGE**

The following is a schedule of bond coverage the County obtained on former Clerk the Circuit Court, Sharon E. Burris:

<u>Surety</u>	<u>Period of Coverage</u>	<u>Bond Number</u>	<u>Bond Amount</u>
Western Surety Company	01-01-07 to 12-31-10	70233816	\$ 105,000

CLERK OF THE CIRCUIT COURT  
HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2011, with Marcia R. Moore, Clerk, and Mary J. McCoy, Chief Deputy.

Attempts to contact Sharon E. Burris, former Clerk, to schedule an exit conference were made by certified mail, email, and telephone calls.

CLERK OF THE CIRCUIT COURT  
HANCOCK COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sharon E. Burris, former Clerk: Nonfeasance in Collection of Duplicate Checks, pages 7 and 8	<u>\$ 4,463.83</u>	<u>\$ -</u>	<u>\$ 4,463.83</u>

AFFIDAVIT

STATE OF INDIANA )  
                                  )  
MADISON COUNTY)

I, David A. Weber, II, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Clerk of the Circuit Court, Hancock County, Indiana, for the period from January 1, 2010, to December 31, 2010, is true and correct to the best of my knowledge and belief.

David A. Weber II  
Field Examiner

Subscribed and sworn to before me this 15<sup>th</sup> day of September, 2011.

Linda Williamson  
Notary Public

My Commission Expires: 03-02-2018

County of Residence: Putnam

