

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

AUDIT REPORT
OF
CLERK OF THE CIRCUIT COURT
PORTER COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
03/23/2012

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Bank Account Reconciliations	4
Bank Account Reconciliations To Date	4
Clerk's Trust Account.....	4-5
Collection of Fees Due	5
Exit Conference.....	6
Official Response	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Pamela Mishler-Fish Karen Martin	01-01-08 to 12-31-10 01-01-11 to 12-31-14
President of the County Council	Daniel Whitten	01-01-10 to 12-31-11
President of the Board of County Commissioners	Robert Harper John Evans	01-01-10 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 PORTER 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 Porter County for the year 2010.

STATE BOARD OF ACCOUNTS

June 27, 2010

CLERK OF THE CIRCUIT COURT
PORTER COUNTY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The bank reconciliation presented for audit contained numerous errors. The deposit in transit amount used by the Clerk (\$45,393.30) in the reconciliation did not agree to subsequent deposits clearing the bank (\$53,789.89). The Clerk inadvertently used the November 2010 deposit in transit amount. The reconciliation presented for audit used a calculated outstanding check amount of \$572,734.99. A verified computerized detailed listing of outstanding checks presented for audit at December 31 totaled \$583,870.37. The Clerk's reconciliation also contained several adjustments dating back to 2008, and monthly unidentified adjustments, which had not been corrected. Using the verified deposit in transit and the verified outstanding check amounts, the records are \$92.10 less than the bank (bank over).

Indiana Code 5-13-6-1(e) states: "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."

BANK ACCOUNT RECONCILIATIONS TO DATE

We reviewed the bank reconciliations prepared by the Clerk's office through May 31, 2011; we found adjustments that were included on the December 31, 2010 bank reconciliation that were not included in the subsequent bank reconciliations. The Clerk's personnel could not offer any documentation for resolution of these adjustments. It appears that the adjustments were arbitrarily eliminated from the 2011 bank reconciliations. At May 31, 2011, the Clerk's bank reconciliation using these adjustments, indicate a bank short in the amount of \$1,123.57. We also noted that the bank reconciliations for those months were not completed until June 21, 2011.

Indiana Code 5-13-6-1(e) states: "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."

CLERK'S TRUST ACCOUNT

The trust account consists of property or proceeds held by the Court or Court Clerk. A monthly reconciliation of the detail of the Clerk's Trust Fund Register to the trust cash balance was not presented for audit. The last reconciliation was performed in June 2007. A similar comment appeared in the prior audit reports.

The Clerk maintains a manual Trust Fund Register and a computerized Trust Fund Register. The newly-elected Clerk is in the process of reconciling these two registers with the Cash Book. In comparing the cash balance of the trust funds in the Cash Book, at December 31, 2010, to the computerized Trust Register there is a difference of \$1,511,130.74, the computerized Trust Register showing more than the cash balance. Errors were found on the computerized Trust Register. The manual Trust Register has also not been reconciled to the Cash Book.

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

As soon as possible after the Cash Book and the daily Balance Record have been closed for the month, the Clerk should reconcile the Trust Fund Register with these two records.

Total all item appearing on hand 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)

The computerized accounting system must incorporate features that assure all accounting information is reported accurately and completely. Procedures must also exist to assure that only authorized individuals have access to computer generated output. All receipts or payments generated by the accounting system must include unique document identification numbers preprinted on the form. If the application system prints other numbers on the form (document control numbers) adequate security must be implemented to prevent unauthorized modification of the number sequence. Individuals responsible for computer processing of receipts or payment documents must not have access to the storage locations of these documents. Receipt and payment documents must not include preprinted signatures. All output reports must clearly indicate the effective dates of the information regardless of when the report is generated. Output reports must have appropriate subtotals to allow reconciliation of reports within the system and reconciliation to external documentation. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 14)

COLLECTION OF FEES DUE

We noted that the Portage office of the County Circuit Court Clerk was not collecting the document storage fee (\$2) and the automated record keeping fee (\$7 and starting July 1, 2011, \$5) on pretrial diversion cases. The current Circuit Court Clerk is aware of the error and is attempting to comply with the state statues IC 33-7-5-20, and IC 33-37-5-21 and collect the proper fees.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

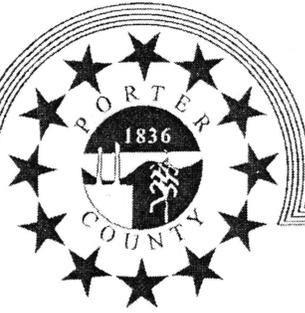
CLERK OF THE CIRCUIT COURT
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 15, 2011, with Pam Mishler-Fish, former Clerk.

The contents of this report were discussed on July 12, 2011, with Karen Martin, Clerk. The official response has been made a part of this report and may be found on page 7.

COUNTY - PORTER

KAREN M. MARTIN
CLERK OF THE CIRCUIT COURT



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CHILD SUPPORT
COURTHOUSE
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VALPARAISO, INDIANA 46383

AREA CODE (219)
BOOKKEEPING: 465-3409
CHILD SUPPORT: 465-3456

July 22, 2011

State Board of Accounts
302 West Washington St
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Indianapolis, IN 46204

FAX: (317) 232-4711

OFFICIAL RESPONSE TO 2010 AUDIT

Please be advised that this is my official response regarding the 2010 audit and information included regarding the 2011 balancing to date.

BANK ACCOUNT RECONCILIATIONS FOR PRIOR AND CURRENT

The amounts used to reconcile the statements past and current include adjustments carried over from 2008 in the amount of \$3,607.09 and for 2009 in the amount of (\$504.44). Also, included were adjustments for each month after in the year 2010. These amounts should have been resolved prior to the end of the last administration to have an accurate number to begin the 2011 year. I am requesting the account be reviewed and the associated costs be paid by the previous administration.

Also, the bank reconciliations were done on a monthly basis prior to June 21, 2011. The office used the suggestions received by the State Board of Accounts during their initial visit and reconciled the bank statements again.

CLERK'S TRUST ACCOUNT

It is disheartening that this account has not been balanced since June 2007 and the difference is over \$1.5 million. I am requesting that the State Board of Accounts consider balancing this account by; either contacting the past Clerks and assisting them, or by hiring an outside party to balance this account with the associated costs paid by the previous Clerks responsible for this situation.

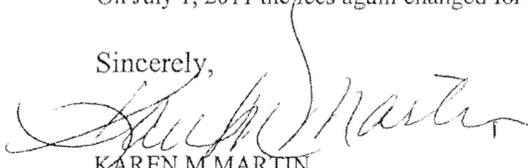
COLLECTION OF FEES DUE

The information in the statement is inaccurate. On July 1, 2009 there was a change regarding fees for the Hardship License and the Pre-Trial Diversion Fee.

The fee for a Hardship License was \$136.00 Portage was charging \$106.00
The fee for a Pre-Trial Diversion was \$268.00 Portage was charging \$ 259.00

On July 1, 2011 the fees again changed for all areas and we are in compliance to the best of my knowledge.

Sincerely,


KAREN M. MARTIN
Porter County Clerk