

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

SCOTT COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
09/06/2012



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Frances Satterwhite	01-01-09 to 12-31-12
President of the County Council	Mike Zollman Kelley Robbins	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	Larry Blevins Mark Hays	01-01-11 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SCOTT COUNTY

We were engaged to audit the records of the Clerk of the Circuit Court for the period from January 1, 2011 to December 31, 2011. The Clerk of the Circuit Court did not have adequate accounting records as more fully described in the Audit Result and Comment. Accordingly, the financial transactions of this office are not reflected in the Annual Report of Scott County for the year 2011.

STATE BOARD OF ACCOUNTS

August 7, 2012

CLERK OF THE CIRCUIT COURT  
SCOTT COUNTY  
AUDIT RESULT AND COMMENT

**CONDITION OF RECORDS**

Problems were encountered with the reporting of the County's financial activity as it relates to the Clerk of the Circuit Court. As a result of the problems encountered, we were unable to express an unqualified opinion on the County's financial statements as it relates to the financial activity associated with the Clerk of the Circuit Court.

The following problems were identified with the financial records maintained by the Clerk of the Circuit Court:

1. The Clerk of the Circuit Court encountered problems with one of its three computerized financial accounting systems. The computerized system was unable to generate financial reports with accurate figures. The system posted duplicate financial transactions and omitted previously reported financial transactions. The system was unable to generate a cashbook account balance. As a result of problems encountered with the computerized system, we were unable to determine proper financial transactions for reporting.
2. Reconcilements of the depository account balance with the financial record balance were not being properly performed. Amounts shown as reconciling items between the depository account balance and the record balance were not properly identified and did not provide sufficient information in order to verify the amount reported should be considered a reconciling item. Some depository accounts were not being reconciled with the record balance as a result of problems encountered with the functioning of the computerized financial accounting system.

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."

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)

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 of Indiana, Chapter 13)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

CLERK OF THE CIRCUIT COURT  
SCOTT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2012, with Frances Satterwhite, Clerk of the Circuit Court; Kelley Robbins, President of the County Council; and Mark Hays, President of the Board of County Commissioners. The officials concurred with our audit finding.