

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

AUDIT REPORT
OF
COUNTY RECORDER
LAKE COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
09/24/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Recorder	Michelle R. Fajman	01-01-10 to 12-31-12
President of the County Council	Ted Bilski Jerome A. Prince	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	Roosevelt Allen Jr. Gerry J. Scheub	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 LAKE COUNTY

We have audited the records of the County Recorder for the period from January 1, 2011 to December 31, 2011, 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 2011.

STATE BOARD OF ACCOUNTS

July 26, 2012

COUNTY RECORDER
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

BANK RECONCILEMENTS

Bank reconcilements for the year ended December 31, 2011, for the Recorder's office, were not available for audit until July 2012. Due to staff inefficiencies and turnover, officials had to reconstruct the bank reconcilements. Controls over the bank reconciliation process were inadequate. One person prepared the reconcilements, but the reconcilements were not reviewed, nor maintained for audit.

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 County Recorders of Indiana, Chapter 9)

ACCOUNTS RECEIVABLE CONTROL

The Recorder's office allows regular customers to set up a charge account for services provided and remit payment at a later date. Controls have improved and customers are to remit payments within a few days. The Recorder maintains a manual and a computerized ledger sheet for each customer (detail accounts receivable ledger). However, a computer generated control ledger report (control accounts receivable) listing all customers and their respective charge account balances at December 31, 2011, did not agree to the total of all individual accounts. Officials stated that they had not tested the report (control accounts receivable).

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 County Recorders of Indiana, Chapter 9)

COUNTY RECORDER
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

FEE AND CASH BOOK - PRESCRIBED FORM

The County Recorder's "Fee and Cash Book" is a detail of receipts with cumulative monthly receipt balances by type of receipt. However, the cash book is not complete. The "Total Disbursements for Month to Date" and "Balance Carried Forward" columns are not used properly as required by the prescribed form. The "Fee and Cash Book" is maintained on a monthly basis. Each month begins with a zero balance. However, the disbursement to the County Auditor of the prior month's cash balance is not recorded in the cash book.

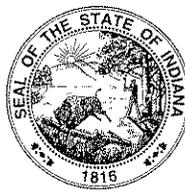
A control ledger (of receipts, disbursements, and balances) was not presented for audit. Hence, a complete record and audit trail of all financial activity is not maintained.

The Fee and Cash Book should be totaled and footed at the close of each day and the receipts verified with the cash drawer. The amount of such receipts should also agree with the deposit to be made on the following business day. At the close of each calendar month the receipts should be accumulated and monthly totals entered at the foot of each column. The monthly totals should agree with the depository balance at the close of the month, considering the deposit of any fees received on the last day of the month, and will represent the amount to be paid into the county treasury. (Accounting and Uniform Compliance Guidelines Manual for County Recorders of Indiana, Chapter 7)

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 County Recorders of Indiana, Chapter 9)

COUNTY RECORDER
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 26, 2012, with Michelle R. Fajman, Recorder, and Michael Troxell, Deputy. The Official Response has been made a part of this report and may be found on page 7.



OFFICE OF THE LAKE COUNTY RECORDER

LAKE COUNTY GOVERNMENT CENTER
2293 NORTH MAIN STREET
CROWN POINT, INDIANA 46307

MICHELLE R. FAJMAN
Recorder



PHONE (219) 755-3730
FAX (219) 755-3257

August 28, 2012

Response to 2011 SBOA Audit of Lake County Recorder's Office

Bank Reconcilements: Bank reconciliation is the main responsibility of the Chief Deputy in our Office. We were unaware until mid-May, that the former Chief Deputy had not reconciled the bank account since August of 2011. Throughout the year, I was informed by the Chief Deputy that the books were balanced with the bank. Upon finding this to be completely false, along with other deficiencies, the Chief Deputy was terminated. We brought in a former employee, who assisted us in getting the account balanced.

Accounts Receivable Control: New procedures are in place that requires two (2) employees to fully reconcile with the bank every month. We also added a second person to review all ACH transactions prior to their transmission. Those two individuals will also be sure the end of the year charge ledgers balance with the amounts that are actually owed.

Fee and Cash Book: We are working with our IT vendor to show the Monthly Disbursements and Balance Carried Forward columns are listed and used on the Fee and cash Book.

Sincerely,

Michelle R. Fajman,
Lake County Recorder