

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

AUDIT REPORT

OF

CIRCUIT COURT

HENDRICKS COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
08/02/2013

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Judge of the Circuit Court	Hon. Jeffrey V. Boles	01-01-11 to 12-31-14
President of the County Council	Larry R. Hesson Jay Puckett	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the Board of County Commissioners	Eric Wathen Phyllis Palmer	01-01-12 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF HENDRICKS COUNTY

We have audited the records of the Circuit Court for the period from January 1, 2012 to December 31, 2012, 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 Hendricks County for the year 2012.

STATE BOARD OF ACCOUNTS

June 5, 2013

CIRCUIT COURT
HENDRICKS COUNTY
AUDIT RESULTS AND COMMENTS

OVERPAYMENT COLLECTIONS

During 2012, compensation was paid to two employees in the Circuit Court which exceeded the amount due to them by the County in the amount of \$1,484.63. These overpayments were paid to part-time employees for vacation time and holiday time earned. The Circuit Court policy indicates that the court employees will follow the County's leave policy; however, the County's leave policy does not allow for this type of compensation. Per the policy, part-time employees do not earn nor can they be paid for vacation time. They also should not be paid for holidays. There has not been action taken to resolve this overpayment as of June 5, 2013.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

ORDINANCES AND RESOLUTIONS

The Circuit Court policy indicates that court employees will abide by the Hendricks County employee policies concerning vacation leave, sick leave, and holidays. However, we noted several instances where the Circuit Court staff did not comply with the existing County policy. Deviations from the Hendricks County leave policy are noted below:

- Two part-time court employees received 35 hours of vacation pay and 56 hours of holiday pay when these employees were not entitled to such pay. (See Overpayment Collections comment)
- One full-time court employee carried forward 162 vacation hours in excess of the maximum vacation hours allowed to be carried forward from one calendar year to the next.
- One full-time court employee carried forward 89 vacation hours and 11 sick hours in excess of the maximum vacation and sick hours allowed to be carried forward from one calendar year to the next.
- One full-time court employee did not accrue 84 sick hours during the calendar year, which she was entitled to.
- In addition to the deviations from the Hendricks County leave policy noted above, one court employee's vacation leave balance was overstated by 1.5 hours and one court employee's sick leave balance was overstated by 10 hours. These overstatements were due to mathematical errors.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CIRCUIT COURT
HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2013, with Hon. Jeffrey V. Boles, Judge of the Circuit Court. The Official Response has been made a part of this report and may be found on pages 6 through 8.



Hendricks Circuit Court

55th JUDICIAL CIRCUIT

HENDRICKS COUNTY, INDIANA

JEFFREY V. BOLES
JUDGE

BOX 349
DANVILLE, INDIANA 46122
U.S.A.
(317) 745-9271

17 June 2013

Ms. Sommer Cannon, Field Supervisor
Ms. Jenny Wagner, Field Examiner I
State Board of Accounts
Room E418, 302 West Washington Street
Indianapolis, Indiana 46204

- By e-mail and Certified Mail,
Return Receipt Requested

OFFICIAL RESPONSE

Dear Ms. Cannon and Ms. Wagner:

Following my receipt of your audit results and comments on 5 June 2013, I submit the following as the official response of the Hendricks County Circuit Court.

It is always important to frame any discussion between the branches of government with the appropriate background and legal authority. Employees of the Hendricks Circuit Court, and any Circuit Court in Indiana, are not employees of Hendricks County and this is well-established through the Indiana Constitution and through case law and Attorney General opinions. Court employees are properly designated as judicial circuit employees and the Court alone has the authority to set their terms and conditions of employment. This authority and independent status related to these judicial employees is granted to the judicial branch by the Indiana Constitution Article 3 Section 1. This legal authority has been provided to your office and I would refer again to a helpful article on this issue, "Employee Handbooks: Neither Fish Nor Fowl" published in the *Indiana Courttimes* in the January/February 2011 edition which is directly on point with the issues you have raised. As the Circuit Court employees are not Hendricks

County employees, the Hendricks County Circuit Court is not bound to follow the employee policy which is utilized for Hendricks County employees but rather can develop its own employee policies which best serve the efficient operation of the Court. I have advised you that my office follows the Hendricks County employee policy "in general" on matters such as employee vacations, holidays, sick days, etc. However, it has been and continues to be our customary practice to deviate somewhat from the Hendricks County employee policy as I have deemed appropriate and in the best interests of the efficient operation of the Hendricks County Circuit Court and in the best interests of our particular employees. The operation of a court as part of the judicial branch and the operation of county offices as part of the executive branch are certainly different and should be treated as such. We have developed, and are continuing to update and revise as needed, the specific employee policies for Hendricks County Circuit Court. The matters raised in your 2012 audit will certainly be taken under advisement and implemented into our employee policies where appropriate.

Specifically in response to your audit comments, I would respond as follows:

OVERPAYMENT COLLECTIONS:

We currently have four (4) full-time and one (1) part-time staff member with nearly a century of collective service to Hendricks Circuit Court and the citizens of Hendricks County. In 2012, we had a part-time court reporter who was paid on a salary basis, not hourly. Her work schedule and salary were based around an assumed three (3) day work week. On occasion, she would fill in when the full-time court reporters were on vacation or had a sick day which would result in the part-time court reporter working four (4) or five (5) days on some weeks. Because she was paid the same regular salary each week and did not receive an increase in pay for the additional time worked, the extra days she worked during those weeks covering vacation or sick days were allowed to be carried over as "comp time" which she then later used. She indicated these "comp time" days on her time sheets as "vacation" time, which I understand would not have been clear to you when conducting your audit. Later in 2012 (approximately July), she determined after several years of outstanding service to Hendricks Circuit Court, she was ready to retire and for a few months prior to retirement she went to hourly pay and worked limited days helping us transition in her replacement (who was hired as an hourly employee.) Therefore, there was no overpayment to her for any "vacation" time in 2012 as this was earned "comp time" for which she received payment.

I have always had a policy with my part-time staff members that if a holiday falls on a day they are regularly scheduled to work, they are paid for that holiday. I understand

that is different than the Hendricks County employee policy. This specific matter would be one where our office deviates from our "general" following of the County's employee policies with regard to holidays. In our current version of the Hendricks County Circuit Court employee policies, it specifically states that part-time employees are paid for holidays if the holiday falls on a day they are regularly scheduled to work. Therefore, there was no "overpayment" to any part-time employee for holiday pay. Those payments were in accordance with our policy.

ORDINANCES AND RESOLUTIONS

With regard to your audit results and comments regarding the calculation/documentation of employees' accrued vacation and sick time, specifically related to the amount carried over at the end of the calendar year, we are reviewing your comments in detail and will make whatever reconciliation is appropriate to insure accuracy of those records. Certainly, the main issue is that no employee used more vacation or sick hours than he or she had available either through carryover or those hours earned during the calendar year as a benefit of their continued employment which is our primary focus.

Thank you for your time and attention to this letter. As always, my staff and I will continue to strive to operate the Hendricks County Circuit Court in the most efficient and effective manner we can to provide access to the judicial system to citizens in a timely manner while continuing to be a good steward of people's time and taxpayer dollars.

Respectfully submitted,

J.V. Boles, Judge

