

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

AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

MONROE COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
09/25/2013

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Linda Robbins	01-01-11 to 12-31-14
President of the Board of County Commissioners	Patrick Stoffers Mark Stoops Iris F. Kiesling	01-01-12 to 03-23-12 03-24-12 to 11-16-12 11-17-12 to 12-31-13
President of the County Council	Victor Kelson Geoff McKim	01-01-12 to 03-12-12 03-13-12 to 12-31-13



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TO: THE OFFICIALS OF MONROE COUNTY

We have audited the records of the Clerk 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 Result and Comment. The financial transactions of this office are reflected in the Financial Statement and Federal Single Audit Report of Monroe County for the year 2012.

STATE BOARD OF ACCOUNTS

August 14, 2013

CLERK OF THE CIRCUIT COURT
MONROE COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting:

The Clerk's office received funds from the Auditor of State for the I-69 highway project in 2012. The funds were receipted into the Clerk's Trust on the Cash Book properly; however, the staff then moved the funds to an interest bearing bank account by writing checks and posting those as disbursements to Trust on the Cash Book. As a result, these funds were no longer accounted for in the Trust on the Clerk's Cash Book. In addition, they also had another interest bearing bank account with other Trust funds which was not accounted for in the Trust on the Clerk's Cash Book as of December 31, 2012. These funds were also not included in the Clerk's Monthly Report. As a result, the Clerk's cash and investment balances as of December 31, 2012, were understated by \$2,642,204. Audit adjustments were proposed, approved by County officials, and the appropriate adjustments were made to the County's financial statement. During the audit, the Clerk's staff did work with their software provider to determine how to properly account for Trust funds which were being held in interest bearing accounts.

Receipts for child support were not always correctly classified for the type of funds received (cash, credit card). During the audit, we noted that receipts were being classified as cash when they should have been classified as a credit card payment. As a result, testing the receipts to the actual deposits reflected that the deposit was short, when, in fact, the difference was due to the misidentification of receipts that were made by credit card payments. In addition, the totals created by the child support software for the cash collections for each batch included the credit card payments. As a result, in order to verify that the collections were made intact, manual calculations were made to verify that the cash collections were actually deposited as cash and that the credit card transactions agreed to what was actually processed as credit card transactions.

Deposits for child support collections were being held the following day after being collected, and used to make change as needed.

CLERK OF THE CIRCUIT COURT
MONROE COUNTY
AUDIT RESULT AND COMMENT
(Continued)

In addition, officials should review their procedures for transferring money between cashiers and the bookkeeping staff as well as for handling money by the bookkeeping staff to ensure that accountability for the daily collections is sufficient. Currently, they are relying on their financial software to ensure that there are no issues. Daily paperwork that relates to the Clerk's receipts process had not been retained. If there were any differences noted at a later date, it would be difficult to determine who may have been responsible for those differences.

Review and approval of the Clerk's bank reconcilements, including child support, and other financial reports had not been documented.

The clerk is required to prepare in quadruplicate a monthly financial report. The report is prepared after the books are closed as of the last day of each month and in accordance with the requirements of IC 33-32-3-6. Form No. 46CR is to be used. The report is made from both the Clerk's Cash Book and Daily Balance Record, Form No. 46, and bank statements furnished by the designated depositories showing balances as of the last day of each month. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 4)

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 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 Court of Indiana, Chapter 13)

CLERK OF THE CIRCUIT COURT
MONROE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 21, 2013, with Linda Robbins, Clerk of the Circuit Court. The Official Response has been made a part of this report and may be found on page 7.

Monroe County Clerk of Circuit Courts
Linda K. Robbins
PO Box 547
Bloomington, IN 47402-0547

Item 1: ... the staff then moved the funds to an interest bearing bank account, by writing checks, and posting those as disbursements to Trust on the Cash Book.

There were questions regarding the accounting of these funds, as they are outside the normal cash revenues that occur within the Clerk's office. The original set-up, as stated above, was initially recommended by State Board of Accounts.

We have no problems, however, in reporting as suggested by the Auditor. The only issue is that we were operating under SBOA guidelines to begin with.

Item 2. Receipts for child support were not always correctly classified for the type of funds received (cash, credit card, ...). During the audit, we noted that receipts were being classified as cash when it should have been classified as a credit card payment.

The ISETS software used to track Child Support Cases does not support the difference in cash/credit card payments. We used the daily collection report processed by ISETS, and attached all Credit Card receipts to differentiate the amount of cash/credit card in the report. To satisfy the Auditor, the Clerk's office has agreed to set up a spread sheet and enter the separate types of payments individually each day.

Item 3. ...officials should review their procedures for transferring money between cashiers and the bookkeeping staff as well as handling money by the bookkeeping staff to ensure that accountability for the daily collections is sufficient. Currently, they are relying on their financial software to ensure that there are no issues.

SBOA Auditor made a general statement, but was unable to suggest any improved method. Relying on financial software is a misstatement, in that we open payments in the presence of two individuals, the payments are reconciled at the payment station, again by the bookkeeper for deposit purposes, and the deposit is verified by a third bookkeeper. Everything must equal what is in the financial software for the day.

