

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

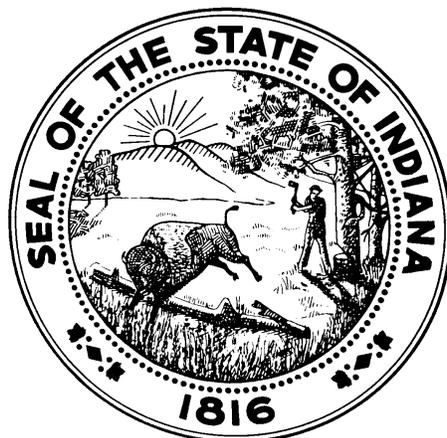
AUDIT REPORT

OF

CLERK OF THE CIRCUIT COURT

MONROE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

02/10/2010



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk of the Circuit Court	Jim Fielder	01-01-08 to 12-31-10
President of the County Council	Vic Kelson	01-01-08 to 12-31-09
President of the Board of County Commissioners	Patrick Stoffers	01-01-08 to 12-31-09



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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, 2008 to December 31, 2008, 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 Monroe County for the year 2008.

STATE BOARD OF ACCOUNTS

October 28, 2009

CLERK OF THE CIRCUIT COURT  
MONROE COUNTY  
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were being performed but had differences each month.

IC 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 Court of Indiana, Chapter 8)

RECONCILIATION OF CLERKS TRUST AND BOND LEDGER

Posting errors were not discovered in a timely manner because reconciliations were not made between the trust and bond ledger and the cash control account. We noted a difference of \$1,007.99 at December 31, 2008, where the trust and bond records were more than the control account. The trust and bond ledger is not run in date order to allow a viewer to see how long items have been held in trust and if they should be paid to the Attorney General.

At all times, the manual and 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 Court of Indiana, Chapter 8)

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

INTERNAL CONTROLS

On December 14, 2007, the Clerk did a full computer conversion to the Judicial Technology and Automation Committee (JTAC) computer software program provided by the Indiana Supreme Court. Monroe County was a pilot county for the program. As of October 2009, JTAC was continuing to make adjustments to the records for posting problems. We recommend the Clerk's office continue to work with JTAC to resolve these issues.

Controls over the receipting, disbursing, recording, and accounting for financial activities were insufficient: the Clerk is not reconciling the ledger to the bank; the cash drawer clerks have the ability to reverse current payments from the system; the check registers and outstanding check reports are reported by court, not in check number order, making it very difficult to trace transactions. Clerk's personnel have not been able to balance the monthly reports, leaving errors unidentified. The trust ledger is not run in date order showing how old the entries are and the reports are also ran separately for each court.

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. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 8)

CLERK OF THE CIRCUIT COURT  
MONROE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2009, with Patrick Stoffers, President of the Board of County Commissioners; Iris Kiesling, County Commissioner; Vic Kelson, President of the County Council; Marty Hawk, Warren Henegar, Charles Newmann, and Geoff McKim, County Council member; David Schilling, Jeff Cockerill, and Kevin Dogan, County Attorneys.

The contents of this report were discussed on December 2, 2009, with Jim Fielder, Clerk; and Margaret Cook, Financial Director. The official response has been made a part of this report and may be found on pages 7 through 15.

**JIM FIELDER  
MONROE CIRCUIT COURT CLERK  
301 N. COLLEGE AVENUE, ROOM 201  
BLOOMINGTON, IN 47404  
Phone (812) 349-2613  
Fax (812) 349-2610**

December 10, 2009

State Board of Accounts  
203 west Washington Street, Room E418  
Indianapolis, IN 46204-2765

Re: Official Response to State Board of Accounts Audit for  
Clerk of Circuit Court 2008 Audit

There are two issues addressed in the 2008 audit which we wanted to make sure were highlighted and further commented on. This audit is for the entire first year of the pilot project that the Judicial Technology & Automation Committee (JTAC) Odyssey program has been implemented in our county. In trying to be a good pilot county to work with this system- and hopefully debug problem issues- there are certain deficiencies that still remain that have been mentioned in the 2008 State Board of Accounts audit. In my opinion, these deficiencies must be addressed if we are to ever have a safe and secure financial program that works successfully and is not so cumbersome it can't easily be used.

**Bank Account Reconciliations**

There have been many concerns with the bank reconciliations. We were finally able to complete a monthly report for October 2009 that shows the account balanced after continued work with JTAC. A couple of issues that had been a part of the problem were: (1) the fact that in the conversion process and set-up, the cash on hand for the account was done in a way that was not consistent as was done in all the other counties, according to JTAC. For August and September 2009 changes were made pursuant to JTAC's instructions and JTAC made adjustments itself for reconciliation; (2) in working with the bank reconciliation program in Odyssey, we were not made aware of the specific process for clearing voided checks in the bank reconciliation screen. Once these issues were resolved and some case specific problems addressed the account balanced on the October 2009 monthly report- the first time in the two years we have been on this systems.

### **Reconciliation of Clerk's Trust & Bond Ledger:**

In working with JTAC throughout 2008 and dealing with volumes of conversion issues that required attention, it was discovered that the trust account- in case manager- did not balance with OFM. In 2008 it was discovered that a bond had been entered on the bond tab by a court reporter which resulted in it appearing there was a \$500.00 cash bond when there was no such bond. When the amount difference stabilized at the \$1,007.99 figure at the end of the year, more research was done with the available trust reports and it was discovered in early 2009 there was a similar situation that happened only this time it was a \$1,000.00 cash bond. Throughout 2009 we have continued to look and the number has changed a couple of times but is now consistently showing \$47.00 more in OFM than in the case manager. The limited information on trust reports makes it very difficult to do comparisons and find differences and this should be improved on the system. It is our understanding that JTAC is still looking through trust items to see if the difference can be located and the current scenario they are researching is if \$47.00 worth of transactions were taken off case in case manager that should not have been after the trust balanced. This research involves comparing cases that were there as of go-live to see if something was reversed that should not have been. When working with reconciling our books, the process should not be so difficult and should be something that all Clerks' can easily manage. If banks can have reconciliation programs on the computer for us to reconcile our own bank accounts, surely there is an easier way that this system can allow us to make sure our books balance.

### **2008-2009 Continuing Audit Concerns**

These concerns listed below continue to be, especially in light of the above, concerns for clerks. We know, by being the pilot county for JTAC, we've embarked on a new way of handling financial items. This includes the fact that the Odyssey software is a type of business software, however there are still some concerns from the aspect of a clerk's ability to function as easily and liability free as possible while handling public funds and reducing paperwork instead of creating more of it. It would also seem that there should be more internal controls and/or permissions that would better protect clerks. Many of the concerns that existed last year at audit time still exist with little in the way of fixing the issues there enumerated. We thought, in being the pilot county, that we would have some input in these issues to make the financial aspects of this program easier. That has not been the case.

**Permissions/Controls:**

We realize, in a small county, people do multiple jobs. However in a larger office there should be a choice of options for users for each division of who does each segment of handling funds. Our previous system where, once a payment has been taken employees could only void a receipt prior to the drawer being closed and posted. It is our understanding that our former vendor was required to put sufficient controls on the system that would not allow changing or backdating of the financial records after posting. (As an example, one worker was voiding past receipts and issuing new ones to correct items that had not been put into the "excess" category in cash bonds. Once this was remedied, the ledger stabilized and we were able to uncover the reasons it was not in balance. Corrections were done after that when necessary.) Once posting was accomplished, a higher level of permission was required to make a correction where monies were involved. We strongly feel such controls should be a part of this system to where employees alone can not change receipts once they have been posted.

The Clerk's Manual, Chapter 13, page 7 states: "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, recoding, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making".

**In addition to the bond/trust situation, the following situations are occurring:**

Many times assessments have to be adjusted by staff prior to receipting payments- (most noticeably in the traffic division). It is our understanding it is an "all or none" situation in the setting of adjustment permissions. With a large staff, this makes it difficult to even have one employee in each division to be able to make assessment adjustments as needed prior to payments- much less one person in the entire office to keep up with this in addition to the other financial duties- as is the case with our current Financial Director. In our case, this would still be four additional employees with the ability to make adjustments of fee codes and that would include changes that could be made to cases where payments had already been made. This is not acceptable to us.

In the conversion process, staff was taught (for charges from the JTS program already paid) that those had to be "reversed off" in order to set the judgment in place and reversing is acceptable when setting charges. Now with the staff having all of these permissions (by necessity), they can very easily "reverse off" current payments, including court costs and other fees. Employees can also make changes in payments that have been taken which could seriously harm the records. We know the system identifies who did what, but much damage could already be done before it is detected. We've also experienced a situation where the system indicated someone, who was not an employee at the time, performed a transaction- according to Odyssey. This previous employee had

did the original portion of setting up a judgment and later, after they left employment, their name came up as creating the change every time a payment was made. This was reported however we have not received information on how we can prevent this from happening.

We recently came across a case where a late payment fee had been charged. A payment had been taken that included monies on this late fee and then the charge reversed off a few days later indicating that now the defendant was owed a "refund." We have not been able to determine how we would know these issues exist unless you just "come across" them as we did in this case. Our concern is the affect to the financial system itself in whether or not it is in balance and stays balanced if changes can be made after posting.

Also we recently came across an issue where a payment from 2002, converted from the JTS system on a pay history, was reversed off. This amount was deleted from the deposit for the day the reversal was done and corrections had to be made. There need to be various levels of permissions and controls and I feel strongly these controls are not provided in the current Odyssey environment.

#### **Future Issues on Controls:**

We understand that when we first went on the Odyssey system, there was a need for JTAC to be involved in the financials and other areas to see how things were going and what issues there were. At the beginning of the go-live, all new fees/costs initiated at the state level were set up in the chart of accounts and fee structure by JTAC but we thought any local fees would be handled at the local level and were under the impression that Clerk's staff then would be the only ones in the financials. Certainly, no other vendors have been involved in changing our financial information.

In trying to reconcile the trust portion, we found that two cash bonds were added to the bond tab by people who were not employees of the Clerk. We were eventually- through many hours of research- able to find those two bonds and get the cases corrected before money was erroneously paid out. This implied that there was money in the account that was not and this was part of the reason we could not balance this account. Having anyone other than Clerk's personnel placing information into the financial portion of this program should be forbidden- otherwise you get a system that has no integrity and no security.

Because there have been issues come up that we understand only JTAC can handle, how will the liability issue be handled for clerks in the future if others, not under their supervision, are working in the financials? It is also our understanding that for the years 2004 through 2007 JTAC will need to be involved with old "PA" numbers that need to be forwarded to the Attorney General by moving monies in the "conversion" till and making an adjustment in the general ledger for the unclaimed monies fund. There have been other "fixes" that had to be made in the conversion till by JTAC. Also, the 2007 outstanding checks have errors from conversion- as did the 2005 and 2006- requiring JTAC to make corrections. How will the liability issue work?

**Business Date:**

We are still hoping that Clerk's will have the choice of a business date. The current till system will not accommodate that. We would still like to have the "home rule" availability of changing our business date at 2:00 P.M., as we did with our old system, so employees can total out their receipts and balance at that time and then start a new business day. This would keep employees from having to stay after 4:00 P.M. to balance and seems like it should be a very easy fix.

**Daily Cash and Balance Report:**

We currently do not have a daily cash and balance report. It was our understanding that one was being developed but we are not aware that one has been completed and is ready for use. We feel this is an important check and balance report to have.

**Writing Checks:**

Currently, once a payment is receipted in a check can be written before the till is even closed. We were not allowed to do this before Odyssey and there is a concern about, even if that is left up to a "choice of business practice", there could be issues that would arise and again with the damage already be done.

**Check Registers/Transaction Reports:**

We just received the enhancement that puts the case manager check register into one list and not the ten separate ones we have had. This will be very beneficial if you need to compare case manager to financial manager. Multiple check registers make it very difficult to do. That just leaves the situation in OFM. It appears that the checks do not always run in sequential numbers which creates other issues- if you need to make comparisons. We understand the necessity for a report that will show how much each court is responsible for generating (I'm sure there are some courts that want that information for some reason); however this is a totally unnecessary feature in clerk accounting. When trying to balance books, we should never need to look at the revenue generated by each court- but rather the total of all courts. Having reports to total from each court only made the financial system harder to use and should have never been set up that way.

### **Report of Collections:**

The report of collections that was scheduled to be here last December is being changed and I'm not sure when we will receive that report for use. The new report will contain previous and year-to-date information and will be beneficial. Our hope had been that the report would **replace** the current group disbursement report but it is **in addition** to the group disbursement report. Currently the group disbursement report is done, the multiple lines of fees are added together and they are placed on a separate spreadsheet. The new report has to be completed with comparable fee codes to the group disbursement report and it combines the lines. If a code gets added, both reports have to be amended and shared with all users (courts, probation, sheriff, etc.). Prudence would require that the numbers still be added by hand to determine the accuracy of the report, still requiring additional work and chance of human error. Anytime figures are added into two reports by hand, the possibility of human error increases which is the last thing you want in a financial package.

### **Bi-Annual:**

Even though there are less fees on this report and it is only twice a year, there's the issue of making sure that all fee codes are picked in the initial set-up and then transferring all of the numbers and fund information to an excel spreadsheet. In addition, if one report is changed all users have to be updated. With all the fee codes, this becomes labor intensive and leaves more chance for human error.

### **Monthly Report:**

One concern with not having a monthly report running from the computer is that so much work has to be done by hand and that could create mistakes (very few bookkeepers are blessed with total silence when working on these financial reports and are often sidetracked by phone calls and questions. As we understand this statutorily mandated report, it is understood to be a true test of the cash in the bank account(s) matching the liabilities on the ledger. Finally, for October 2009, the report balanced. In reviewing prior months to try to determine issues and working with JTAC in correcting some problems, we were told that the cash on hand needed to be changed. This was not how all the counties that followed going live had been setup. Adjustments were made pursuant to JTAC instructions. JTAC also told us the proper way to clear voided checks when we were on the reconcile screen. This process had caused balancing issues.

### **Trust Report:**

In doing the Attorney General items this year for years 2002 and 2003, we are using the trust report that was printed 12/14/07- pre-Odyssey. As with other Odyssey reports, cash bonds and trust are together, but the report runs in 10 sections because of the node issue and doesn't run in date order- only by party name or cause number and balance. It doesn't show the original transaction- only that there are funds there as of the "as of" date. You have to run a separate report to see if disbursements have been made. Even though the information is there, it is not user friendly and it is time consuming in that you have to combine two reports that are running in at least ten sections and the potential for human error is increased if you have to combine multiple reports to get the needed information. This created a situation during our audit for 2008 in trying to determine a way to show the State Board of Accounts the "old" money remaining on the books. Unless modified, this office will need to use the trust book printed 12/14/07 for the years 2004 through 2007 in order to determine what the "old" funds are. No mechanism is seen beyond that for the clerk to use the current trust ledger to find the "old" funds. When a statutory part of the Clerks' job is to pay over funds over 5 years old to the Attorney General, one would think an easier report would allow the needed help to accomplish this.

It was also just discovered that not all of the items converted from JTS carry the appropriate receipt date to determine date of funds for the Attorney General pay over so until the end of 2007 by using the JTS report (which contains the accurate date) this report will not match the Odyssey printout.

### **Receipt Journal/Other Reports:**

In trying various combinations we could find not a report comparable to what we had pre-Odyssey for the daily receipts. We were able to give ranges of the receipts so the field auditors from the SBOA could test receipts. It would still be helpful to have printed off the receipts as we previously did. One page contained several cases with all the pertinent information. The current report runs like a spreadsheet from right to left so one might have to view several pages in order to check one case. It would make finding problem cases much easier to be able to scan those sheets without doing reports and pull up each case individually to review to see if there is an error.

In all of the discussions about reports some may exist on the system but they are not easily identifiable because titles read the same. The system is maintaining all reports (even those that have been ran just trying to find information or some pages from a case), but aren't pertinent to an audit. It is our understanding that all can be identified with it's job number but we, at least at this point, would have to keep a spreadsheet for each report to identify where it is located (who did the report) and to identify the specific report by the job number. We are concerned about this. This is increasing the work that needs to be done and increases the potential of human error. To be able to remember to sufficiently track what report we will need for audit and account for reports when someone has left is something we should not have to do- it should be part of the system.

In addition, the standard reports are not set up on a menu and have to be created each time or memorized and then transferred to other computers. When updates are made, all of the other users have to be updated individually.

**Other:**

We just received the 1099 component (recently touted in "Court Times") to be able to add tax identification numbers that would then track the payments and provide the 1099 report. At this point in time- because of the multiple party listings for each actual party currently in the system- it does not seem wise to use that portion of the program, but to just run the full report of all payments to everybody and try to do a merge of payments for attorneys and law firms by hand. It is more likely that payments would be missed- depending on what party record the check had been written. At some point in time when the party merge is complete and will not change, then it appears that would be a viable option. Also, the report and input of information is still "by hand" because the system is not able to identify new attorneys/firms to track that might not have a tax identification number in the system.

There is more and more human input into producing the financial statements that requires not only much more time and manpower, but also increases the chance of human error in reporting. It would seem, with modern technology that the computer should eliminate those issues and work for the Clerk in timesaving and provide less chance for human error.

We continue to experience newly found conversion errors that require additional time to correct and to determine true distributions and pay histories for cases. There have been hundreds of cases that have been fixed and there are cases yet to be fixed.

While conversion to the Odyssey system may someday prove to be very beneficial in the case management side, the financial package has been a severe disappointment and let-down. Still, after 2 years from implementation, we have concerns and general mistrust of the financial package. Although I understand the want and need of a good case management system, the Clerk's financial package should have been above reproach before being installed. My Financial Director, Margaret Cook (a former County Auditor and bookkeeper for several offices over her 40 years of service), had spent many hours with JTAC trying to implement a worthy financial package that Clerks could easily use and rely on. To say that part of the system is a let-down would be an understatement. The last time statements like this were made about this system, some JTAC staff spent time looking up our past audits and came back with the remark that "your audits haven't always been perfect in the past". When I came into office in 2003, there were issues with a 30 year bookkeeper and she was encouraged to retire. Margaret Cook was then put into that position. Margaret and I have worked tirelessly trying to improve our systems and audits and, for the most part, the bookkeeping division reflects that. I will renew here, at

the possible reprimand of the JTAC folks again, that we have tried to update this office and served as a pilot county to help everyone- especially Clerks. To date, we have not seen the improvement in the financial package to believe that JTAC had the same thing in mind when they created this package and I strongly hope they will spend more time on the financial package before spreading it any further into the State.

Sincerely,

A handwritten signature in cursive script that reads "Jim Fielder".

Jim Fielder, Clerk  
Monroe Circuit Courts