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

EXAMINATION REPORT
OF

MARION COUNTY SMALL CLAIMS COURT
LAWRENCE TOWNSHIP DIVISION
MARION COUNTY, INDIANA

January 1, 2009 to December 31, 2010

FILED
09/19/2011

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COURT OFFICIALS

Office	Official	Term
Judge	Honorable James A. Joven	01-01-07 to 12-31-14
Chairman of the Township Board	Michael C. Healy	01-01-09 to 12-31-11

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TO: THE OFFICIALS OF LAWRENCE TOWNSHIP, MARION COUNTY

We have examined the records of the Marion County Small Claims Court, Lawrence Township Division for the period from January 1, 2009 to December 31, 2010, 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 Examination Result and Comment. The financial transactions of this office are reflected in the Examination Report of Lawrence Township, Marion County for the years 2009 and 2010.

STATE BOARD OF ACCOUNTS

July 27, 2011

MARION COUNTY SMALL CLAIMS COURT
LAWRENCE TOWNSHIP DIVISION
EXAMINATION RESULT AND COMMENT

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping were noted:

1. Record balances were not reconciled to depository balances for the period of August 2009 to December 2010 for the software systems in use prior to Odyssey. Instead an attempt was made to perform a proof of cash for the disbursements using the checks issued during the month less outstanding checks at the end of the month plus outstanding checks at the beginning of the month. However, the beginning outstanding check amounts used did not correlate with the ending outstanding check amounts for the previous month.

2. Monthly financial reports were not generated under the Odyssey system (period of August 2010 to December 2010). As a result, the bank reconcilements performed were reconcilements to the end of month bank balances instead of the ending financial statement balance.

   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 Townships, Chapter 13)

3. There were a considerable number of voided checks and replacement checks issued without adequate documentation which resulted in numerous errors in the presented outstanding check lists presented for examination. This resulted in checks that were replaced but not properly voided so both the original and replacement checks were included on the outstanding lists.

   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 Townships, Chapter 13)

MARION COUNTY SMALL CLAIMS COURT
LAWRENCE TOWNSHIP DIVISION
MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2011, with Honorable James A. Joven, Judge; and Rowena Abratigue, Senior Clerk.

The official response has been made a part of this report and may be found on pages 6 and 7.

MARION COUNTY SMALL CLAIMS COURT

Lawrence Township Division

JAMES A. JOVEN
Judge

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August 4, 2011

Indiana State Board of Accounts
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RE: Official Response to Board Examination

To Whom It May Concern:

The Indiana State Board of Accounts recently conducted an examination of this Court's records for the period of January 1, 2009, to December 31, 2010. During the Exit Conference following the examination, the Board noted three recordkeeping deficiencies: (1) lack of record balance reconciliation to depository balances from August 2009 to December 2010 under software systems used prior to the current Odyssey system; (2) lack of monthly financial reports from August 2010 to December 2010 under the Odyssey system; and (3) replacement checks issued without properly voiding the original checks. This letter is a response to those three items.

1. RECORD BALANCE RECONCILIATION TO DEPOSITORY BALANCES:

Prior to August 2010, the Court used two separate case and financial management software systems, Data Systems and Net Results. Those separate systems did not integrate with each other. The lack of integration forced the Court staff, in consultation with an accounting firm employed by Lawrence Township, to develop a manual financial record keeping system that apparently did not adequately fulfill the Board's recordkeeping requirements.

In August 2010, the Indiana Supreme Court Judicial Technology and Automation Committee ("JTAC") installed the Odyssey case and financial management system in the Court. The Odyssey system has the necessary functionality to allow the Court to perform the required reconciliation. The Court is working to phase out the two software systems in use prior to Odyssey, with the phase out to be completed by November 2011.

2. MONTHLY FINANCIAL REPORTS UNDER ODYSSEY:

The Court is still working with JTAC to address Odyssey implementation issues that arise. The lack of monthly financial reports that the Board noted is one such issue. It is important to understand that the Court provided monthly reports, but those reports were not those that the Board required. The

Court prepared those reports under the direction of JTAC. It is our understanding that a representative from JTAC has contacted the Board to determine the proper reports, and the Court will provide any such necessary reports in the future.

3. VOIDING CHECKS WHEN REPLACEMENT CHECKS ISSUED:

Odyssey's greater functionality will allow the Court to void originally-issued checks upon the issuance of replacement checks. Before Odyssey was installed, Court staff voided checks manually. Having a single, integrated case management/financial management software system will (hopefully) eliminate human error, at least in the area of voiding checks when replacement checks are issued.

Respectfully submitted,

James A. Joven
Judge

JAJ/