

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

AUDIT REPORT
OF
CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY, INDIANA
March 1, 2011 to July 31, 2012



FILED
12/03/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Beverly S. Elliott Peggy Iddings (Interim) Bonnie J. Brown	01-01-09 to 03-31-12 04-01-12 to 05-17-12 05-18-12 to 12-31-12
President of the County Council	Charles F. Ashcraft John Price	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Board of County Commissioners	George R. Bachman	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAGRANGE COUNTY

We have audited the records of the Clerk of the Circuit Court for the period from March 1, 2011 to July 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 Financial Report of LaGrange County for the year 2011.

STATE BOARD OF ACCOUNTS

October 10, 2012

CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY
AUDIT RESULTS AND COMMENTS

OPTICAL IMAGES OF WARRANTS

As mentioned in prior Report B38833, the financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Further, Indiana Code 26-2-8-111(a) and (e) state:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

MONTHLY REPORT - CLERK OF THE CIRCUIT COURT FORM NO. 46-CR

As stated in prior Report B38833, the monthly report, Form No. 46-CR, was not filed on a timely basis. Monthly reports for January 2011 through October 2011 were not filed until January 18, 2012. Monthly reports for November 2011 and December 2011 were filed on February 2, 2012.

Indiana Code 33-32-3-6 concerning Monthly Reports, Form 46CR, states in part: ". . . these reports shall be prepared, verified, and filed with the County Auditor, County Commissioners and State Board of Accounts before the twenty-fifth day of each month."

UNTIMELY DEPOSIT

On December 13, 2011, receipts collected in the amount of \$711.50 were not deposited until December 19, 2011.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

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

DEPOSITS NOT INTACT

Deposits were found not to be intact for the months of August and December, 2011. Of the total 23 days of deposits in August, 14 days of those deposits were not intact. Of the total 19 days of deposits in December, 7 days of those deposits were not intact. The largest tested deposit that was not intact occurred on August 10, 2011, where cash was short and checks were long by \$542.27. These deposits were not intact because of clerical errors in either selecting the wrong payment type or the lack of separating cash and check payments for a given receipt. When payments are received it is imperative that they be recorded properly as to whether they were cash, check, or money order, or a combination of cash and check/money order.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

COLLECTION OF CHILD SUPPORT MONEY FROM THE INDIANA ATTORNEY GENERAL

Four checks remitted to the Indiana Attorney General's office for child support money held over 10 years were inadvertently cashed by the intended check payees. The Clerk's office had not made an attempt to collect the money owed from the Indiana Attorney General's office since the last audit.

Indiana Code 32-34-33(b) states: "If the proof presented by the claimant satisfies the court that the claim is valid, the court shall order payment of the money to the claimant. If presented with a certified copy of the court's order, the attorney general shall direct the treasurer to return the sum of money to the claimant."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances for the regular checking account and the ISETS checking account were not completed in a timely manner. The regular checking account reconciliations for the months of October, November, and December 2011 were not completed until February 2012. The ISETS checking account reconciliations for the months of April through December 2011 were not completed until February 2012.

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 Clerk of the Circuit Courts of Indiana, Chapter 13)

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

AMOUNT OF OFFICIAL BOND

The amount of official bond for the Clerk of the Circuit Court did not meet the statutory requirements. Indiana Code requires the Clerk to be bonded for \$30,000 for each \$1,000,000 of receipts of the Clerk's office during the last complete fiscal year. The 2012 bond should be based on the amount of receipts collected in 2011. The 2011 abstract of the Clerk's cash book shows the receipts collected were \$3,243,195, requiring a 2012 bond in the amount of \$90,000. The 2012 bond is for \$60,000.

Indiana Code 5-4-1-18(c) concerning the amount of individual surety bonds for local officials, states in part:

". . . the fiscal bodies of the respective units shall fix the amount of the bond of . . . circuit court clerks, . . . as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee."

TIMELY RECORDKEEPING

Interest earned on the regular checking account had not been posted to the Clerk's ledger or remitted to the County General fund on a regular basis since the beginning of 2008. At December 31, 2011, \$2,952.26 of interest had not been posted to the Clerk's ledger. We instructed the Clerk to post the interest to the ledger and then remit it to the County Auditor. At July 31, 2012, interest was being posted and remitted on a timely basis.

Interest earned on the trust savings accounts had not been posted to the Clerk's ledger or trust register on a regular basis since the beginning of 2008. At December 31, 2011, \$571.50 of interest had not been posted. We instructed the Clerk to post the interest to the Clerk's ledger and trust register. As of July 31, 2012, interest was being posted on a timely basis.

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts in Indiana, Chapter 13)

CLERK OF THE CIRCUIT COURT
LAGRANGE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2012, with Bonnie J. Brown, Clerk.

We attempted to contact Beverly S. Elliott, former Clerk, via email to set up an exit conference to discuss the contents of this report. We received a response to our initial email but none to our follow up emails, therefore, no exit conference was held with Beverly S. Elliott.