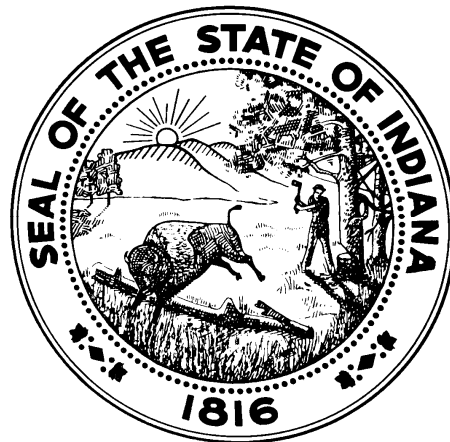


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

CITY CLERK
CITY OF GARY
LAKE COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
12/31/2008

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Suzette Raggs	01-01-04 to 12-31-11
Controller	M. Celita Green	01-01-07 to 12-31-08
Mayor	Rudolph Clay, Sr.	04-08-06 to 12-31-11
President of the City Council	Jerome Prince Ronier Scott	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Board of Public Works and Safety	Geraldine B. Tousant	01-01-07 to 12-31-08



STATE OF INDIANA
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302 WEST WASHINGTON STREET
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INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF THE CITY OF GARY

We have audited the records of the City Clerk for the period from January 1, 2007 to December 31, 2007, 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 Annual Report of the City of Gary for the year 2007.

STATE BOARD OF ACCOUNTS

December 1, 2008

CITY CLERK
CITY OF GARY
AUDIT RESULT AND COMMENT

CONDITION OF RECORDS

The following items were found concerning the Criminal and Civil Division records:

1. The City Clerk used computer software to record the transactions for both the Criminal and Civil Divisions. The computerized records include a Cash Book that replaces the prescribed form City/Town Court Cash Book, Form 213CT. This computerized form has not been submitted for approval for use. Also, the computerized Cash Book does not report the cash balance at any given time.
2. For the Criminal Division, no separate Cash Bond Register is maintained so that a detail on a certain date could be displayed or reconciled to the Cash Book balance for Cash Bonds on hand. The Criminal Cash Bonds reported in the Cash Book as of December 31, 2007, total \$1,017,446.92. The prescribed form is Register of Trust Funds, General Form 102. The officials received approval for the computerized records "Cash Bond In" Report and "Cash Bond Out" Report reporting the cash bond receipts and disbursements for the year, but no request was made for the approval of a computerized Cash Bond Register.
3. For the Criminal Division, the detail of the Cash Bonds on hand from prior to 2006 has not been reconciled to the Cash Book. The officials are reconciling the current year's Cash Bond activity using the two reports "Cash Bond In" Report and "Cash Bond Out" Report. The officials should be preparing a monthly reconciliation of the detail of Cash Bonds held to the control balance of Cash Bonds in the Cash Book. There are some items in the Cash Bonds trust register (hand posted records from prior to 2006) dated as far back as 1990.
4. For the Criminal Division, a computerized form replacing the Register of Trust Funds, General Form 102, was approved to replace the old hand posted Register of Trust Funds for Trust. The officials have been reviewing the hand posted Register of Trust Funds from 2005 and prior. Many posting errors from the past have been found. Of the \$155,373.46 trust balance at year end, \$147,037.17 is from 2005 and prior. Since the detail of the old Trust records is still being reviewed, we could not determine if any of the trust was over five years old and should have been turned over to the Attorney General. Only \$8,336.29 (or 5.4%) of the year end Trust total was reconciled to the Cash Book.

CITY CLERK
CITY OF GARY
AUDIT RESULT AND COMMENT
(Continued)

The officials have been working to find the posting errors from prior years in both the Cash Bond Register and the Trust Register. Entries since April 30, 2005, are in the computer system. The officials have been researching the old dockets to determine the proper detail amount that really was on hand as of April 30, 2005, for both Cash Bonds and Trust. When the review of the old documents is completed, the officials should be able to document the detail of the entered balance total as of April 30, 2005, for both Cash Bonds and Trust. Then, the detail would be available to reconcile to the Cash Book amount for both Cash Bonds and Trust.

Prescribed Form 213CT, City/Town Court Cash Book, is to be used to record receipts and checks issued. The receipts and disbursements should be recorded and totaled daily. (Uniform and Compliance Guidelines Manual for City and Town Courts, Chapter 1)

Approval of forms is limited to those generated by computer or those needed to replace prescribed forms which are inadequate to meet the needs of the office. A letter requesting the approval must be accompanied by four copies of each proposed form. (Uniform and Compliance Guidelines Manual for City and Town Courts, Chapter 1)

This record Register of Trust Funds (General Form 102) is commonly referred to as the "trust fund register." It is a register wherein money received for the benefit of all persons or parties is entered in detail. The total of all unpaid items as shown by the trust fund register must agree with the balance in trust as shown by the court cash book. (Uniform and Compliance Guidelines Manual for City and Town Courts, Chapter 1)

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. (Uniform and Compliance Guidelines Manual for City and Town Courts, Chapter 4)

CITY CLERK
CITY OF GARY
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2008, with Suzette Raggs, Clerk; Barbara J. Cox, Chief Deputy Clerk; and Beverly Collinsworth, Fiscal Manager. The official response has been made a part of this report and may be found on pages 7 through 9.



**Gary City Clerk
Suzette Raggs**

Criminal Division
555 Polk Street
Gary, Indiana 46402
(219) 881-1263
Fax (219) 881-1182

Civil Division
555 Polk Street
Gary, Indiana 46402
(219) 881-1354
Fax (219) 881-1439

December 23, 2008

Mr. Bruce Hartman
State Examiner
State Board of Accounts
302 W. Washington Street, Room B418
Indianapolis, Indiana 46204-2765

Re: Official Response to 2007 Audit Results & Comments

Dear Mr. Hartman:

This correspondence is in response to the receipt of the 2007 results and comments from the State Board of Accounts regarding its audit for the Criminal and Civil Divisions of the Gary City Clerk's office for the period of January 1, 2007 to December 31, 2007.

Since the beginning of my tenure in 2003, the goal of the Gary City Clerk's office has been to implement a more efficient and professional work environment through organization, proficient use of technology and good customer service. The ongoing progress made in the general operations and internal controls of our office is a source of continual pride; and the State Board of Accounts' representative has, once again, commended us on the overall systemic improvements observed within the office.

The State Board of Accounts' representative met with me, the chief deputy clerk, and fiscal manager to discuss the contents of her report and the following responses are hereby submitted.

CONDITION OF RECORDS

(#1 - Response)

State of Board of Accounts noted that our office used computer software to record the transactions for both the Criminal and Civil Divisions and the computerized records include a Cash Book that replaces the prescribed for City/Town Court Cash Book, Form 213CT. However, when we converted to the computerized Cash Book, apparently it was

an oversight of our technician to carry over the cash balance line item. The line item has now been added for both Civil and Criminal Divisions, and the fiscal manager is in the process of going back to January 1, 2008 to ensure that the daily cash balances match with the bank reconciliations. Even though we converted to the computerized Cash Book with verbal approval from the State Board of Accounts, we did not submit the official document for written approval. Our revised computerized Cash Book form will be submitted to the State Board of Accounts for written approval.

(#2 - Response)

State Board of Accounts noted that even though we have received written approval for the computerized records "Cash Bond In" Report and "Cash Bond Out" Report reporting the cash bond receipts and disbursements for the year, no request has been made for the approval of a computerized Cash Bond Register. However, our office does utilize a computerized Cash Bond Register and will submit it for approval accordingly to the State Board of Accounts.

(#3 - Response)

State Board of Accounts noted that even though we are reconciling the current year's Cash Bond activity using the two reports "Cash Bond In" Report and "Cash Bond Out" Report, the detail of the Cash Bonds on hand from prior to 2006 has not been reconciled to the Cash Book for the Criminal Division.

It has been an arduous task for my staff to identify, review, assess, and disburse, where appropriate, said cash bonds due to the extremely poor recordkeeping of the previous administration. It took our staff more than a year to locate, and then subsequently match receipts with checks. At this point, we have pretty much determined the status of many of the outstanding bonds as far back as 1990, and we are carefully processing for appropriate disbursements. Subsequently, cash bond balances are being reconciled more effectively as disbursements are made.

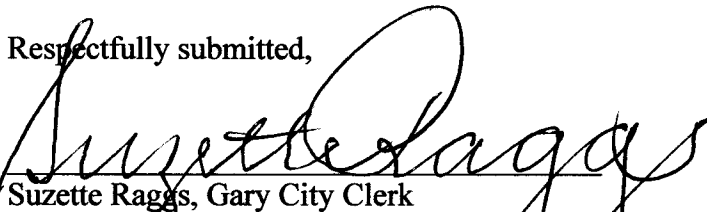
(#4 - Response)

State Board of Accounts noted that for the Criminal Division, a computerized form replacing the Register of Trust Funds, General Form 102, was approved to replace the old hand posted Register of Trust Funds for Trust. Our office has been very successful in finding numerous posting errors from the previous administration. While corrections are being made and the process is working, it is quite tedious and will require a considerable amount of time to complete as we work backwards through the 1990's.

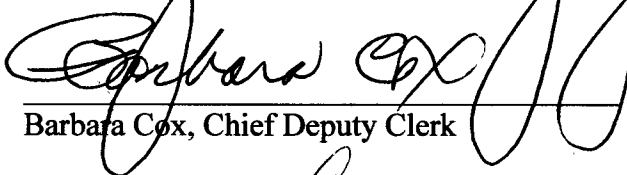
When I became the Gary City Clerk in 2003, major findings existed from previous audits. It is noteworthy to mention that most of the findings observed in prior audits have been corrected, and those findings observed in the 2007 audit either have been or are in the process of being corrected and/or otherwise addressed. It is our intent to resolve the challenges that still face us regarding the final reconciliation of the cash bonds in the upcoming year.

I appreciate the observations and comments that have been made and shared by the State Board of Accounts. Since the beginning of my tenure as Gary City Clerk, my ultimate goal for the Office of the Gary City Clerk has been to create a governmental model of professional excellence. It has been very difficult but I sincerely believe that with each passing year, we get closer and closer to attaining this goal.

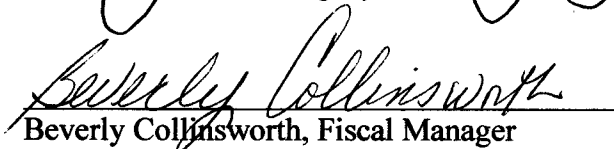
Respectfully submitted,



Suzette Rags, Gary City Clerk



Barbara Cox, Chief Deputy Clerk



Beverly Collinsworth, Fiscal Manager