

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

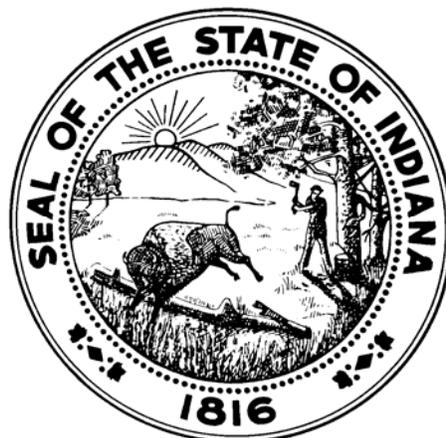
AUDIT REPORT

OF

COUNTY SHERIFF

PORTER COUNTY, INDIANA

January 1, 2005 to December 31, 2005



FILED

11/29/2006

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	David Reynolds	01-01-03 to 12-31-06
President of the County Council	Robert Poparad Daniel Whitten	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the Board of County Commissioners	Robert Harper	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PORTER COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2005 to December 31, 2005, 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 Porter County for the year 2005.

STATE BOARD OF ACCOUNTS

October 10, 2006

COUNTY SHERIFF
PORTER COUNTY
AUDIT RESULTS AND COMMENTS

DEPOSITS

Collections for VIN checks were not deposited in a timely manner. All 11 deposits noted were 18 to 34 days late. Also, 60% of Civil receipts tested are being deposited up to 7 days after receipts were written.

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. . . ."

SHERIFF SALES ADVERTISING

One hundred percent of sheriff sales tested were advertised in a newspaper that was not a general circulation newspaper of the County. These sales were court ordered sales with a blank line for the newspaper that was used for advertising to be filled in by the clerk at the Sheriff's Department. For example the language from one court order said "publication in the _____, a newspaper of general circulation, printed and published in the city of _____ in said county, nearest to where said real estate is situated. . . ." The properties were sold in Portage, Valparaiso, and Westville, but the deputy in the Civil Department only advertises in the Chesterton Tribune and completes the court order in that manner.

The effect of this procedure is that residents in the cities nearest to where said real estate is situated are not aware of the pending sale. The Chesterton Tribune has limited circulation in the Town of Chesterton and is not available in the other cities. We recommended that the clerks use a general circulation newspaper published in the city nearest to the real estate to be sold.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manuals for Counties of Indiana, Chapter 1)

INMATE PROCESSING FEE

On May 21, 2002, the Porter County Board of Commissioners incorrectly established a \$25 Inmate Processing Fee. The Inmate Processing Fee is charged to all individuals who are booked into the Porter County Jail (with the exception of state and federal prisoners temporarily housed at the Jail). If the individual has cash on his person at the time of booking, the cash is placed into an Inmate Trust Fund. The Inmate's Trust Fund is then reduced by the \$25 processing fee and the fee is remitted to the Auditor's office for deposit into the Inmate Processing Fee Fund. If the individual does not have cash at the time of booking, the fee is charged to the Inmate's Trust Fund and later collected when the inmate is bonded out of Jail. If the inmate is released without paying the processing fee, he will be sent an invoice for this fee. Inmates who are later found not guilty and released from jail do not collect a refund of the Inmate Processing Fee.

Disbursements made from the Inmate Trust Fund for the \$25 inmate Processing Fee are inappropriate because the Inmate Trust Fund may only be used for the personal benefit of the inmate.

During 2005, the Sheriff's Department remitted \$154,663.86 to the County's Inmate Processing Fee (Fund 216). This processing fee was instituted in an attempt to generate additional revenue for police activity and to supplement the General Fund. Expenditures from the Inmate Processing Fee Fund bypass the appropriation process and the general fund miscellaneous revenue may also be understated.

COUNTY SHERIFF
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

A similar comment was noted in prior audit reports. The Board of County Commissioners should repeal the ordinance establishing the inmate processing fee.

Indiana Code 36-1-3-8 states in part: "(a) Subject to subsection (b), a unit does not have the following: (8) The power to prescribe a penalty for conduct constituting a crime or infraction under statute."

The sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate. If the inmate or his legal guardian requests a disbursement from the inmate's trust fund, the sheriff may make a disbursement for the personal benefit of the inmate, including but not limited to a disbursement to the county jail commissary. (County Bulletin and Uniform Compliance Guidelines, April, 2001)

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

SHERIFF COMMISSARY - CREDIT CARDS

Payments for credit cards were made without having all receipts for charges. Three of four credit card statements tested were missing at least two receipts.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.

COUNTY SHERIFF
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

(7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.

(8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

STATE PER DIEM REIMBURSEMENT

While reviewing the revenues from the state per diem reimbursement, we discovered that the June 2005 per diem reimbursement totaling \$109,165 was not receipted into the county funds established for these reimbursements. After discussion with their state contact, it was determined that the state had not reimbursed the County for June 2005. The state is in the process of remitting the reimbursement to the county.

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 Counties of Indiana, Chapter 1)

COUNTY SHERIFF
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 10, 2006, with David Reynolds, Sheriff; and Deborah Harlow, Logistics Coordinator. The official response has been made a part of this report and may be found on pages 8 and 9.



Porter County Sheriff's Department

David M. Reynolds
Sheriff

David E. Lain
Chief Deputy

October 24, 2006

Mr. Bruce A. Hartman
State Board of Accounts
302 West Washington Room E418
Indianapolis, IN 46204

RE: Official Response to Audit

Dear Mr. Hartman:

The following is our response to the recent audit of the Porter County Sheriff's Department:

DEPOSITS

The Civil Bureau Division is taking the necessary steps to ensure that the deposits from the Vin Check will be deposited in a more timely manner.

SHERIFF SALES ADVERTISING

The section the State Auditor used as an example, "publication in the _____, a newspaper of general circulation, printed and published in the city of _____ in said county, nearest to where said *real estate is situated*...", and referred to this as a court order. This is not a court order. It is the Notice of Sale that is prepared, in part, by the attorney of record and the Civil Office. Therefore, the language differs for each Notice of Sale. Statute (IC 34-55-6-9) refers to the posting of notices in three public places in the township where the *real estate is located*, which we do. This Statute goes on to say we must publish for three (3) weeks successively in a newspaper: a) of general circulation; b) printed in the English language; and c) published in the county where to real estate is located. We comply with this part of the Statute as well. The Vidette Times is published in Lake County and is circulated in Porter County.

The State Auditor states, "The effect of this procedure is to not allow residents in Portage (the nearest to where said real estate is situated) to become aware of the pending sales." The Statute addresses this concern the State Auditor states by providing postings "in three public places where the *real estate is located*". The contention that the Chesterton Tribune is not a general

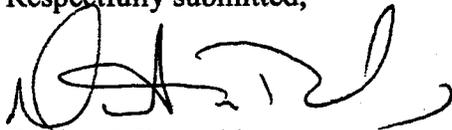
publication is disputed with the facts that the Chesterton Tribune provides mail subscriptions outside the immediate outlying townships and has same day delivery to surrounding townships such as Portage. Approximately eight years ago, the Sheriff's Department did advertise in the Vidette Times and the Chesterton Tribune, alternating each publication; however, the Vidette Times changed the publication dates without authorization. Therefore, the Sheriff's Department stopped publicizing with them.

STATE REIMBURSEMENT FOR PRISONER HOUSING

During the Audit, the State Auditor found where we never received a check from the State for reimbursement of safekeeping of Department of Correction inmates. In June of 2005, the Matron submitted a claim to the DOC in the amount of \$109,165.00; however, upon review of revenues, the County never received the monies. The Matron checked with the DOC official and she found the paperwork was inadvertently misfiled at the DOC. The DOC official has since processed the paperwork and has forwarded the check to our Department. The State of Indiana, Department of Corrections, are months behind in processing claims. Our records indicate when we receive a check from the DOC and we record that check into our receipt ledgers and forward the check to the County Auditor for depositing into the appropriate accounts. We are going to install a check and balance system so the every 60-90 days we will check with the DOC as to the monthly process of our claims.

Thank you for your time and if you should need further information, please feel free to contact me.

Respectfully submitted,



David M. Reynolds
Sheriff