

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

AUDIT REPORT

OF

COUNTY SHERIFF

PUTNAM COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED

12/17/2007

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COUNTY OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|----------------------------------|--|
| Sheriff | Mark Frisbie | 01-01-03 to 12-31-10 |
| President of the County Council | Mitchell Proctor | 01-01-06 to 12-31-07 |
| President of the Board of County Commissioners | Dennis O'Hair Kristina Warren | 01-01-06 to 12-31-06 01-01-07 to 12-31-07 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF PUTNAM COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2006 to December 31, 2006, 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 Putnam County for the year 2006.

STATE BOARD OF ACCOUNTS

September 19, 2007

COUNTY SHERIFF
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS

MISAPPROPRIATION OF ASSETS

The Putnam County Sheriff's Department maintains a special projects checking account for receipt and disbursement of federal grant funds. George Alexander, former Ombudsman for the Putnam County Sheriff's Department, made five cash withdrawals from April 27, 2005 to October 11, 2005, totaling \$13,914.90 from the special projects checking account. Of the \$13,914.90 withdrawn, \$10,200.00 was deposited the same day into Mr. Alexander's personal bank accounts with \$3,714.90 received in cash.

On December 16, 2005, and September 15, 2006, he withdrew \$27,143.00 and \$18,403.00, respectively, in the form of cashier's checks payable to himself and the Putnam County Sheriff's Office (PCSO). These two cashier's checks were subsequently endorsed by George Alexander with \$42,046.00 deposited to his personal bank accounts and \$3,500.00 received in cash.

George Alexander was requested to repay \$59,460.90 to Putnam County. The investigation is ongoing and additional charges may be reported in the future. (See Summary, page 13)

Indiana Code 5-13-5-4(b) states in part: "A public officer may draw a check or negotiable order of withdrawal upon a depository only for the following purposes . . . (3) The payment of a legal claim against a political subdivision.

Indiana Code 5-13-14-3 states in part: "A public officer who knowingly . . . draws any check or negotiable order of withdrawal against the funds except in the manner prescribed in this article, commits a Class B felony. The public officer also is liable upon the officer's official bond for any loss or damage that may accrue.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

MALFEASANCE, MISFEASANCE, OR NONFEASANCE

The Indiana State Police filed two class D felony counts of theft against George Alexander stemming from an incident when Mr. Alexander billed the personal purchase of a new water heater and shop vacuum to Putnam County. Court documents reveal George Alexander instructed the maintenance director at the Putnam County Jail to purchase and install a new water heater at George Alexander's home and to use the jail utility truck to deliver the new water heater and haul the old one away. George Alexander further instructed the maintenance director to get an inmate at the Putnam County Jail to assist with the repair. The maintenance director was required to sign for both tax exempt purchases related to this installation, a water heater costing \$329.99 and a shop vacuum costing \$124.99, which were paid by to the Putnam County Sheriff's Department. The total disbursements for personal items paid by the County totaled \$454.98.

In a separate incident, checks for invoices totaling \$4,945.80 were obtained by George Alexander and deposited to his personal bank account. In accordance with the County's lease agreement, First Financial Bank was to pay for the purchase of new sheriff vehicles and the related equipment to be installed. The County subsequently made lease payments to the bank. The following three checks written by First Financial Bank to vendors for equipment to be included in the County's vehicle lease were picked up by George Alexander. The checks were deposited by George Alexander into his personal bank account even though they were payable to vendors providing equipment for the sheriff vehicles. One check for \$1,900.00 payable to Waymire for radar equipment had previously been paid by the Sheriff's Department on April 2, 2007. A

COUNTY SHERIFF
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

second check for \$2,111.60, payable to JES & Sons for radio equipment was also paid from the Asset Seizure Fund on August 6, 2007. The third check for \$934.20 payable to StopTech was based on a quote for equipment that was never received by the County.

George Alexander was requested to repay \$5,400.78 to Putnam County. The investigation is ongoing and additional charges may be reported in the future. (See Summary, page 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

UNALLOWABLE COMMISSARY FUND DISBURSEMENTS

An examination of VISA charge account statements and available supporting documentation revealed funds were disbursed from the Sheriff's Commissary Fund for the following unallowable expenses that were the responsibility of Mark Frisbie, County Sheriff:

1. Limousine tour of Washington D.C., in the amount of \$608.00. Sheriff Frisbie stated that this disbursement was for two victims' families that were to have been reimbursed from the State Fraternal Order of Police. No reimbursement was found during the audit.
2. Airline tickets, processing charges and conference registration fees to the 2006 National Sheriff Association Conference held in Orlando, Florida were paid for the Sheriff's wife and daughter. Two airline tickets were purchased in the amount of \$265.20 each. There were two processing charges at \$4.00 each and conference registrations were \$125.00 each. The total disbursements for the Sheriff's wife and daughter that were paid from Commissary Funds were \$788.40.
3. A business class upgrade charge of \$300.00 was paid from Commissary Fund for three air-line tickets for the Sheriff, his wife, and daughter to Orlando, Florida. The County's travel policy provides for reimbursement for travel expenses for employees by the most economical means.
4. Eight purchases were made from florists during the year for a total of \$396.31.
5. Mark Frisbie, County Sheriff, purchased food and beverages with Commissary Funds in addition to receiving a \$35.00 per diem. These purchases included:

| | |
|-------------------------------------|------------------|
| Crabhouse - Orlando, Florida | \$ 68.85 |
| SI Chophouse - Orlando, Florida | 225.86 |
| Holiday Inn - Lafayette, Indiana | 18.60 |
| Hilton Lobby Bar - Washington, D.C. | 79.95 |
| Wyndham Hotel - Phoenix, Arizona | <u>28.41</u> |
| Total | <u>\$ 421.67</u> |

6. The Sheriff's hotel bill from a conference in Washington D.C., included charges for movie rental in the amount of \$11.54.

COUNTY SHERIFF
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

7. Promotional items such as silicon bracelets with the phrase "I Support Sheriff Mark Frisbie" were purchased with Commissary Fund monies in the amount of \$440.00.
8. Spouse registration fees were paid for the wives of the Sheriff and a Deputy to attend the Indiana Sheriff's Association Annual Conference in the amount of \$340.00 from the Commissary Fund.
9. The County's travel policy allows for reimbursement of tips on meals up to 15%. The Commissary Fund paid for meal tips in excess of 15% in the amount of \$4.84.

Mark Frisbie, County Sheriff, was requested to reimburse the Sheriff's Commissary Fund in the amount of \$3,310.76. Mark Frisbie has made reimbursement. (See Summary, page 13)

Indiana Code 36-8-10-21(d) states:

"The sheriff, or his designee, at his discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;
- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;
- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
 - (A) Substance abuse.
 - (B) Child abuse.
 - (C) Domestic violence.
 - (D) Drinking and driving.
 - (E) Juvenile delinquency;

COUNTY SHERIFF
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (8) expenses related to the establishment, operation, or maintenance of the sex offender web site under Indiana Code 36-2-13-5.5; or
- (9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff."

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

SUPPORTING DOCUMENTATION

An examination of VISA charges for 2006 identified that thirty-one out of the total of seventy-one charges did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established. Disbursements lacking proper supporting documentation included the following:

- 1. Retail purchases at the Airport Magic Shop for \$32.00 and Paradies for \$31.32 without receipts and for which the Sheriff could provide no explanation.
- 2. Hotel lodging beyond the end of a convention were paid in the amount of \$171.38 for which the Sheriff had no additional information.
- 3. Three purchases from Anthony's Pizzeria in Greencastle for a total of \$263.92, one purchase at Hilton Lobby Bar for \$65.00 and one purchase at Hooters in Nashville, Tennessee for \$98.55 were not supported by receipts.
- 4. Purchases from Dell Catalog Sales for \$359.88 were not supported by receipts.

A similar comment appeared in the prior Report B27580.

Mark Frisbie, County Sheriff, was requested to reimburse the Sheriff's Commissary Fund in the amount of \$1,022.05. Mark Frisbie has made reimbursement. (See Summary, page 13)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

The Sheriff's Department paid \$19.51 in finance charges to VISA between January 1, 2006 and December 31, 2006. A similar comment appeared in the prior Report B27580. Mark Frisbie, County Sheriff, was requested to reimburse the Sheriff's Commissary Fund in the amount of \$19.51. Mark Frisbie has made reimbursement. (See Summary, page 13)

COUNTY SHERIFF
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

OFFICIAL BOND

Mark Frisbie, County Sheriff, obtained official bond coverage from the Merchants Bonding Company. A \$30,000 bond covered the elected term of January 1, 2003 to December 31, 2006. All reimbursements requested from Mark Frisbie, County Sheriff, were from the years 2005 and 2006.

There was no bond coverage for George Alexander, former Ombudsman.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The County did not comply with directives of the Internal Revenue Service by failing to issue IRS Form 1099 for payments made to George Alexander and A. Howard Williams for contractual services related to the Putnam County Sheriff's Department.

George Alexander, former Ombudsman, was paid \$18,360.00 for providing services to the Sheriff's Office for grant writing and applications.

A. Howard Williams, Attorney at Law from South Bend, Indiana was appointed as legal deputy and paid a retainer of \$3,000.00 for purposes of providing special training in law enforcement matters for employees of the Sheriff's Department.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
PUTNAM COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

LEAVE AND TRAVEL POLICIES

As stated in the prior Reports B27580 and B26054, Putnam County has a personnel policy concerning leave time, which specifies employees shall be allotted 6 sick days and 2 personal days on January 1 of each full year of employment. However, employees of the Sheriff's Department receive 12 sick days and 3 personal days on January 1. Written evidence of a separate personnel policy approved by the County Commissioners was not presented for audit.

Putnam County's personnel policy concerning travel authorizes reimbursement for meals plus gratuities not to exceed 15% for other than state called meetings. Reimbursement procedures specify receipts must be attached for reimbursements. The unwritten, unauthorized policy observed by the Sheriff's Department allows for a \$35 per diem. Receipts are not always submitted and meals are sometimes charged in addition to receiving per diem. Our audit found two occasions when travel expenses and registration fees were also paid for nonemployees as stated in the audit result and comment titled Unallowable Commissary Fund Disbursements.

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

COUNTY SHERIFF
PUTNAM COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2007, with Mark Frisbie, Sheriff. The official response has been made a part of this report and may be found on pages 11 and 12.

We were unable to discuss the contents of this report with George Alexander, former Ombudsman, due to his incarceration.



PUTNAM COUNTY SHERIFF'S OFFICE

13 Keightly Road • P.O. Box 495 • Greencastle, Indiana 46135

Mark T. Frisbie
SHERIFF

Office: 765-653-3211 • Office Fax: 765-655-2131 • Toll Free: 1-800-381-6111

Jail Division: 765-653-1810 • Jail Fax: 765-653-9337

Central Dispatch: 765-653-5115

12/10/07

Deputy Sate Examiner Paul Joyce,

Mr. Joyce,

Thank you for taking the time to meet with me last week and clarify some of the discrepancies that we did not understand. I am satisfied with your findings and as I stated the other day I have corrected our errors.

The following will serve as my written explanation of the mistakes:

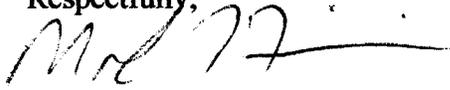
1. The Limousine was done by George Alexander and should never have been paid out of the commissary fund.
2. & 3 are both my expenses. I simply forgot about them. My Matron would not have let go with out reimbursing and would have reminded me before long.
3. Same as above.
4. These flower purchases were made by George Alexander and should not have been paid out of the commissary fund. We have a flower fund.
5. This was the most confusing for us...while it is allowable to purchase meals during business meetings (which all but the charge in Lafayette were) I did not realize it was not allowable if I received per diem – which I did.
6. The room charge here was an accident. When I check in I always give my personal credit card to cover incidentals – I must have forgotten that time.
7. We frequently purchase bracelets of this type only most of the time; they say something like “say nope to dope”, or “support your Deputy Sheriff”. We can understand your argument that the last batch was too personal.
8. Both spouses are volunteers for the Department; one an assistant Matron, and one a special deputy specializing in sex crimes. They were registered as spouses and not deputies in an effort to save money (the fee for a spouse is cheaper). We will create a job description for both volunteers.
9. I have no rebuttal.

On the issue of the missing receipts, the majority of those are where the deputies have lost their receipts from trips or department purchases. We can verify that they are all legitimate expenses from the credit card report. We are going to instill a policy making the deputies responsible for any lost receipts, which should keep this from happening again.

In the future we will contact your office for your opinion if a purchase seems questionable.

As I have stated before, as Sheriff, I am personally responsible for the commissary account and errors that occur – I have corrected those errors and I thank you for your diligence

Respectfully,

A handwritten signature in black ink, appearing to read "Mark T. Frisbie", with a long horizontal line extending to the right.

Mark T. Frisbie
Sheriff

COUNTY SHERIFF
PUTNAM COUNTY
SUMMARY

| | <u>Charges</u> | <u>Credits</u> | <u>Balance Due</u> |
|--|---------------------|--------------------|---------------------|
| George Alexander, former Ombudsman: | | | |
| Misappropriation of Assets, page 4 | \$ 59,460.90 | \$ - | \$ 59,460.90 |
| Malfeasance, Mifeasance, or | | | |
| Nonfeasance, pages 4 and 5 | <u>5,400.78</u> | <u>-</u> | <u>5,400.78</u> |
| Total George Alexander, former Ombudsman | <u>64,861.68</u> | <u>-</u> | <u>64,861.68</u> |
| Mark Frisbie, Sheriff: | | | |
| Unallowable Commissary Fund Disbursements, | 3,310.76 | | |
| pages 5 through 7 | | | |
| Supporting Documentation, page 7 | 1,022.05 | | |
| Penalties, Interest, and Other Charges, | | | |
| pages 7 and 8 | 19.51 | | |
| Paid by Mark Frisbie, December 6, 2007, | | | |
| Receipts 264 and 265 | | <u>4,352.32</u> | <u>-</u> |
| Total Mark Frisbie, Sheriff | <u>4,352.32</u> | <u>4,352.32</u> | <u>-</u> |
| Totals | <u>\$ 69,214.00</u> | <u>\$ 4,352.32</u> | <u>\$ 64,861.68</u> |

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AFFIDAVIT

STATE OF INDIANA)
PUTNAM COUNTY)

I, Sharon Coopriker, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the County Sheriff, Putnam County, Indiana, for the period from January 1, 2006 to December 31, 2006, is true and correct to the best of my knowledge and belief.

Sharon Coopriker
Field Examiner

Subscribed and sworn to before me this 17th day of December, 2007.

Marty Givette
Clerk of the Circuit Court