

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

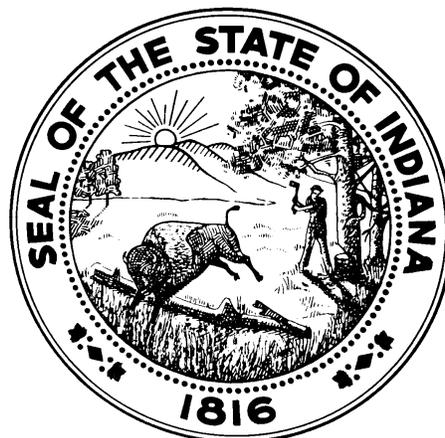
AUDIT REPORT

OF

COUNTY SHERIFF

MONTGOMERY COUNTY, INDIANA

January 1, 2008 to December 31, 2008



**FILED**

11/06/2009



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
County Officials .....	2
Transmittal Letter .....	3
Audit Results and Comments:	
Receipts - Work Release .....	4
Buy Money .....	4
Condition of Records .....	4-5
Reports of Collection Filed Delinquent .....	5
Work Release .....	6
Exit Conference.....	7

COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Luther J. Blanton	01-01-07 to 12-31-10
President of the County Council	James D. Fulwider	01-01-08 to 12-31-09
President of the Board of County Commissioners	Harry A. Siamas	01-01-08 to 12-31-09



**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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF MONTGOMERY COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2008 to December 31, 2008, 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 Montgomery County for the year 2008.

STATE BOARD OF ACCOUNTS

August 26, 2009

COUNTY SHERIFF  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS

RECEIPTS - WORK RELEASE

Work release receipts were not issued consecutively during the audit period. When attempting to recreate an intact deposit, we found that receipts were not dated consecutively. Also, two of three receipts examined were deposited later than the next business day.

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 One)

IC 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 of depositories selected by the . . . local boards of finance. . . ."

BUY MONEY

The unit did not pass an ordinance to establish the Buy Money program for the Sheriff's Department.

The following procedures should be followed in handling Buy Money funds:

- (1) Under IC 36-1-3 an ordinance be passed allowing this type of program and associated expenditures;
- (2) An appropriation for such purpose be provided in the manner authorized by state statutes;
- (3) Petty cash fund procedures are followed as authorized by IC 36-1-8-3; and
- (4) A minimum documentation procedure to be followed, similar to either:
  - (a) Guidelines for Confidential Expenditures, Appendix J, Indiana Criminal Justice Planning Agency Financial Guide; or
  - (b) Guidelines for Withdrawal of Money and Reporting Procedures of Enforcement Aid Fund Moneys, Indiana State Police Department.

(County Bulletin and Uniform Compliance Guidelines, April 2001)

CONDITION OF RECORDS

The following deficiencies relating to the recordkeeping, and similar to deficiencies cited in the prior audit report, were again present during our period of audit:

COUNTY SHERIFF  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (1) The Sheriff's Clerk was not able to reconcile to depository balances during the audit period. She cleared transactions and prepared a deposit in transit list and an outstanding check list each month; however there were a number of posting errors in the ledger and therefore the bank balance and the book balance did not agree.

IC 5-13-6-1(e) states: "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."

- (2) There were a considerable number of posting errors in the Sheriff's cash book. Eight electronic transfers made by the Auditor of the State to the Sheriff's bank account with a total value of \$80,369.04 were omitted from the cash book. Fifty checks with a total value of \$149,253.63 were prepared manually in January and they were never included in the cash book. One correcting entry for \$819.38 was made in November and again in December. The Sheriff's Clerk tried to correct the bond balance by making a lump sum decrease in the cash book for \$26,000.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter One)

- (3) The cash book records did not present a proper cut-off of transactions each month. The Sheriff's Clerk recorded receipts in November 2008 and classified them as December entries. The Sheriff's Clerk recorded disbursements in January 2009 and classified them as December 2008 entries.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter One)

- (4) Receipts were not always posted correctly by classification. For example, staff payments for meals were posted to "Other Trust Funds." Sheriff sale fees were also posted to "Other Trust Funds" during the audit period.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter One)

#### REPORTS OF COLLECTION FILED DELINQUENT

During 2007 the Sheriff's Department paid to have their cash book entries abstracted by an outside firm. No cash book collections were submitted to the County during 2007. The Sheriff's Department began submitting collections to the Auditor in July of 2008. Reports have been submitted to the County Auditor monthly thereafter.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter One)

COUNTY SHERIFF  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

WORK RELEASE

The County Sheriff maintains a program whereby inmates are temporarily released from custody to work. A portion of the inmates' earnings are collected by the Sheriff for room and board. These collections are not submitted to the County but are retained in an outside bank account. Expenditures are made from this bank account without a claim and without Board approval.

IC 11-12-5-3 states in part:

"Unless otherwise ordered by the court, the remaining earnings shall be distributed in the following order:

- (1) To pay state and federal income taxes and Social Security deductions not otherwise withheld.
- (2) To pay the cost of membership in an employee organization.
- (3) Not less than fifteen percent (15%) of the person's gross earnings, if that amount of the gross is available after the above deductions, to be given to that person or retained for the person, with accrued interest, until the person's release or discharge.
- (4) To pay for the person's room and board provided by the county.
- (5) To pay transportation costs to and from work, and other work related incidental expenses.
- (6) To pay court ordered costs, fines, or restitution."

COUNTY SHERIFF  
MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2009, with Luther J. Blanton, Sheriff; and Harry A. Siamas, President of the Board of County Commissioner.