

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

AUDIT REPORT

OF

COUNTY SHERIFF

PORTER COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

11/30/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	David E. Lain	01-01-07 to 12-31-10
President of the County Council	Robert Poparad	01-01-08 to 12-31-09
President of the Board of County Commissioners	Robert Harper	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

TO: THE OFFICIALS OF PORTER 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 Porter County for the year 2008.

STATE BOARD OF ACCOUNTS

September 16, 2009

COUNTY SHERIFF
PORTER COUNTY
AUDIT RESULTS AND COMMENTS

COMMISSARY FUND RECEIPT ISSUANCE

Receipts are not issued for money received for the Sheriff Commissary Fund. Collections received are posted to the ledger and deposited. The majority of the collections are from the Inmate Trust Account to the Commissary Account for sales of personal items, damages, and medco. The Sheriff also receives money from vendors (refunds), and reimbursements from the County Auditor for travel and education related expenses.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Counties in Indiana, Chapter 1)

UNTIMELY DEPOSITS OF COMMISSARY FUNDS

Receipts from outside sources were not deposited by the next business day as required by state statute. Deposits were made from 4 to 37 days after initial collection.

IC 5-13-6-1 (c) states:

"Except as provided in subsection (d), all local officers, except township trustees, 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 several local boards of finance that have jurisdiction of the funds."

CONDITION OF RECORDS SHERIFF COMMISSARY

Financial records presented for audit were incomplete and not reflective of the activity of the Commissary Fund. Financial activity for the Commissary Fund is recorded on the "Account Ledger" which lists each deposit and each check written. Several checks written in which the amounts were posted correctly had incorrect corresponding check numbers recorded. The Commissary Fund checking account earns interest; however, interest of \$266.08 earned in 2008 was not recorded in the Account Ledger. In addition, outstanding checks as of December 31, 2008, as listed on the "Check Listing" report included checks that had cleared the bank and checks that had been voided. The total outstanding checks listed was \$45,749.90; the actual outstanding checks at December 31, 2008, was \$4,756.50, a difference of \$40,993.40.

COUNTY SHERIFF
PORTER COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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

CONDITION OF RECORDS - INMATE TRUST

The Sheriff's Bookkeeper did not properly maintain the inmate trust ledger or prepare the required monthly reconcilements of the depository balance to a ledger balance. The Sheriff engaged an accounting consultant to prepare the reconcilements of the Inmate Trust Account to amounts available within the computer system from May 2008 to April of 2009. The consultant noted \$2,964.98 in adjustments necessary to reconcile the record balance with the bank balance as of April 30, 2009.

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

CONDITION OF RECORDS - CIVIL DIVISION

Financial records presented for audit were not always reflective of the actual activity of the Sheriff Civil Division - Cash funds. A computerized accounting system was implemented in 2008. The April 2008 Cash Book reported an ending balance of \$3,568,476; however, the May 2008 Cash Book beginning balance was zero. April 2008 bank deposits were \$3,568,476 less than recorded receipts due to the automated accounting system's mishandling of 2 voided checks. A voided check for \$12 was processed 123 times which overstated receipts by \$1,476. Another voided check for \$29,000 was also processed 123 times which overstated the receipts by \$3,567,000.

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

COUNTY SHERIFF
PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 16, 2009, with David E. Lain, Sheriff; Ralph B. Gootee, Jr., Business Manager; and Kathy Nichols, Civil Bureau Supervisor. The official response has been made a part of this report and may be found on page 7.



Porter County Sheriff's Department

David E. Lain
Sheriff

Douglas E. Snider
Chief Deputy

To: Indiana State Board of Accounts
From: Sheriff David E. Lain
Date: September 25, 2009
Re: 2008 Audit

We have responses to the few items that were highlighted in our 2008 audit however they should not be construed to be "excuses" for any errors. They are offered to clarify causes and to emphasize our resolve to correct mistakes.

Commissary Fund Receipts: Our Commissary Officer states that although he had not been aware that they were needed, he will create a receipt for every deposit.

Untimely Deposits of Commissary Funds: The Commissary Officer is committed to making more regular and timely bank deposits.

Condition of Commissary Records: The Commissary Officer believes that there is computer software that has caused some inconsistent check printing issues, however an upgrade has recently become available that may rectify the problem.

Condition of Inmate Trust Records: The Inmate Trust Officer states that there were multiple deposit transactions that were not reconciled in the Canteen Manager accounting software and balanced to the bank statements dating back to July 17, 2007. A Comprehensive Reconciliation Report for period 08/01/2009-08/01/2009 was created to remove all of the disconnected deposits from Canteen Manager that were not accepted on their correct corresponding months. For each deposit we have documentation indicating what month the deposit should have been deposited and reconciled.

During the reconciliation we also learned that the kiosk vendor, Securus, owed the inmate trust fund \$8,485.62 for credit card transactions that were posted into the Canteen Manager, but no money was actually transmitted from Securus into the bank account. A check for the balance is forthcoming.

Condition of Civil Bureau Records: The data errors reflecting on the printed copies of the cash book have been addressed with our contractor Lieberman Technologies. Great efforts will be made to make sure this does not happen in the future. The errors on the cash book print outs was not found because the assumption was made it would exactly reflect the computer data. We will be diligent in reviewing the cash book printouts even when the computer data shows everything is balanced. That way, if any problems or errors are reflected, we may address them with Lieberman Technologies right away.

As always, please contact me if further information is required.

Sincerely,
Sheriff David Lain