

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

AUDIT REPORT

OF

COUNTY SHERIFF

MONTGOMERY COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**

08/24/2010



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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 Richard Chastain	01-01-08 to 12-31-10 01-01-10 to 12-31-10
President of the Board of County Commissioners	Harry A. Siamas Phillip Bane	01-01-08 to 12-31-09 01-01-10 to 12-31-10



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF MONTGOMERY COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2009 to December 31, 2009, 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 2009.

STATE BOARD OF ACCOUNTS

July 15, 2010

COUNTY SHERIFF  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS

BUY MONEY

As stated in the prior Report B35082, 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)

WORK RELEASE

As stated in the prior Report B35082, 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.

COUNTY SHERIFF  
MONTGOMERY COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (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."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. 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)

PAYROLL

Our testing of the payroll system revealed the following deficiencies:

The Sheriff's Department was not providing the County Auditor's Office with accumulated compensatory leave balances for its employees. A review of accumulated compensatory leave balances for the Sheriff's Department employees resulted in 9 employees exceeding the 80 hour limit set by the County.

The Montgomery County Employees' Personnel Policy Manual, Section F paragraph 2 states: "The maximum compensatory time which a regular, full-time employee may accrue is 80 hours for employees of the Sheriff's Department and 40 hours for all other County employees." Paragraph 6 states: "For those employees having more than the maximum number of accrued hours of compensatory time, the Department Head shall require that the employee take off sufficient compensatory time on or before December 31, 2007 in order to reduce the number of hours to a number which complies with the maximum number of hours provided for in paragraph 2."

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  
MONTGOMERY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 14, 2010, with Luther J. Blanton, Sheriff, and Mary Hampton, Sheriff's Clerk.

The contents of this report were discussed on July 15, 2010, with Michelle R. Cash, Auditor; Terry Hockersmith, Vice President of the Board of County Commissioners; and Richard Chastain, President of the County Council.