

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

EXAMINATION REPORT
OF
COUNTY SHERIFF
DECATUR COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
12/27/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Greg Allen	01-01-11 to 12-31-14
President of the Board of County Commissioners	John Richards Rick Nobbe	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the County Council	Ernest Gauck	01-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DECATUR COUNTY

We have examined the records of the County Sheriff for the period from January 1, 2011 to December 31, 2011, 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 Examination Results and Comments. The financial transactions of this office are reflected in the Annual Report of Decatur County for the year 2011.

STATE BOARD OF ACCOUNTS

November 1, 2012

COUNTY SHERIFF
 DECATUR COUNTY
 EXAMINATION RESULTS AND COMMENTS

UNTIMELY DEPOSITS

The following were instances of untimely deposits occurring in November and December of the year 2011:

Dates Monies Collected	Amount	Date of Deposit	Days Held
11-22-11 to 11-27-11	\$ 1,521.10	11-29-11	2 to 7
11-29-11	1,272.89	12-01-11	2
12-01-11 to 12-07-11	2,376.90	12-09-11	2 to 8
12-08-11 to 12-11-11	2,078.07	12-13-11	2 to 5
12-13-11 to 12-18-11	1,543.03	12-20-11	2 to 7
12-20-11 to 12-25-11	2,148.99	12-27-11	2 to 7
12-27-11 to 12-28-11	336.00	12-30-11	2 to 3

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. . . ."

Indiana Code 5-13-14-3 (effective July 1, 2011) states in part:

"A public servant who knowingly or intentionally:

- (1) fails to deposit public funds; or
- (2) deposits . . .

except in the manner prescribed in this article, commits a Class A misdemeanor. However, the offense is a Class D felony if the amount involved is at least seven hundred fifty dollars (\$750) . . ."

BANK ACCOUNT RECONCILIATIONS - INMATE TRUST

The County Sheriff maintains an Inmate Trust Fund. Depository reconciliations of the record cash balances to bank account balances were incomplete. During the year 2011, new accounting software was implemented for the Inmate Trust. This included a feature which prepared the bank reconciliations; however, not all receipts were entered before the reconciliations were run. As a result, the reconciliations did not properly show deposits in transit. Also, the automated clearing house (ACH) disbursements for December 2011 were not recorded when the reconciliation was run which resulted in an erroneous record balance for cash. The system produced a report of receipts and disbursements and balance each month, but the reconciliations did not agree with them.

Indiana Code 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."

COUNTY SHERIFF
DECATUR COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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

At all times, the manual and/or 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 of Indiana, Chapter 1)

SUPPLEMENTAL ANNUAL REPORT

The beginning and ending cash balance on the Supplemental Annual Financial Report (AFR) did not agree to the cash balances recorded on the Sheriff's Cash Book. In addition, financial activity for cash bonds, tax warrants, advertising fees, and tax sale were not included on the Supplemental AFR. The beginning cash balances variance was \$1,075; receipts were understated by \$804,167 and disbursements understated by \$804,167.

The Inmate Trust, Commissary, and Inmate Food accounts were not reported on the Supplemental AFR. This resulted in the beginning cash balance of \$45,537, receipts of \$313,869, disbursements of \$323,593 and ending cash balance of \$35,513 not being reported on the original Supplemental AFR.

The Supplemental AFR has been prescribed to summarize yearly financial activity associated with the County's department for inclusion in the County's Annual Financial Report. Failure of the department to provide accurate financial information to the County Auditor for incorporation into the County's Annual Financial Report could result in the State Board of Accounts not being able to provide an unqualified opinion on the Independent Auditor's Report.

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 1)

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UNCLAIMED PROPERTY

The Sheriff's Department has \$1,609.62 in trust that is distributable but remains unclaimed.

Indiana Code 32-34-1-20(c) states in part:

COUNTY SHERIFF
DECATUR COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . . (7) For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable."

Indiana Code 32-34-1-26(a) states:

"A holder of property that is presumed abandoned and that is subject to custody as unclaimed property under this chapter shall report in writing to the attorney general concerning the property. Items of value of less than fifty dollars (\$50) may be reported by the holder in the aggregate."

Indiana Code 32-34-1-27(a) states in part: ". . . on the date a report is filed under section 26 of this chapter, the holder shall pay or deliver to the attorney general the property that is described in the report as unclaimed."

INMATE TRUST RECORDS

Individual inmate trust records showing financial activity and cash on hand for individual inmates (subsidiary record) were not presented for examination. The Inmate Trust Fund control ledger currently reconciles with the bank account balances; however, no reconciliation of the subsidiary records to the control ledger was presented for examination.

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

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 of Indiana, Chapter 1)

COUNTY SHERIFF
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2012, with Greg Allen, Sheriff; Rick Nobbe, President of the Board of County Commissioners; and Ernest Gauck, President of the County Council.