

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

AUDIT REPORT
OF
COUNTY SHERIFF
PORTER COUNTY, INDIANA
January 1, 2012 to December 31, 2012



FILED
07/11/2014

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	David E. Lain	01-01-11 to 12-31-14
President of the County Council	Daniel Whitten Jeremy Rivas Bob Poparad	01-01-12 to 12-31-12 01-01-13 to 03-10-13 03-11-13 to 12-31-13
President of the Board of County Commissioners	John A. Evans	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PORTER COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2012 to December 31, 2012, 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 Result and Comment. The financial transactions of this office are reflected in the Annual Report of Porter County for the year 2012.

STATE BOARD OF ACCOUNTS

August 13, 2013

COUNTY SHERIFF
PORTER COUNTY
AUDIT RESULT AND COMMENT

CONTRACTS

The Sheriff contracts with Compass Group, USA, Inc., through its Canteen Correctional Services Division (Canteen) for computer software associated with the Inmate Trust fund. During the prior audit, it was discovered that Canteen was overcharging the Sheriff for services. The monthly invoices were overstated and were not reviewed by anyone at the Sheriff's Department. In 2012, the Sheriff's Department hired AHY Forensic Accounting to review the County Jail billing and purchasing transactions from August 2010 to April 2012 for the Porter County Jail. The review had found that Canteen Correctional Services had been billing the Porter County Jail incorrectly for the last year and a half. The total amount determined to be owed back to Porter County was \$111,677.80. A credit memo in the amount of \$98,205.76 was presented to the Sheriff and was to be applied to any outstanding invoices that were currently unpaid. (By mutual agreement, invoices from Canteen received during the time of the independent review would not be paid until the review was completed.) The remaining amount owed to Porter County remains in dispute.

Per the memorandum from Trinity Service Group, Inc., who has assumed all obligations of Compass Group USA, Inc., stated: "In order to correct the accounting issue going forward a new Canteen Manager Program 'Smart Client' should be installed and all inmate accounts brought over into that accounting program and start new accounting for all inmates. No old debt from inmates would be brought over into this system and they would also determine the best way to correct the errors that still remain in the old Canteen Manager program. Trinity Services Group agreed to pay for the complete forensic audit that was performed and would not require any compensation from Porter County Jail."

A proposed contract with Trinity Services I, LLC, which is the predecessor of Compass Group, USA, Inc., was presented to the Sheriff for consideration with an effective date of March 21, 2013. The contract states in part: "Within five (5) business days from the complete execution and delivery of this First Amendment to the Agreement, Trinity shall pay to the Client the sum of Thirteen Thousand Four Hundred Seventy Two and 04/100 (\$13,472.04) Dollars. It is understood and agreed that this payment is in full compromise of a disputed obligation and that neither the release given below nor the payment of the agreed amount shall be deemed an admission of liability by Trinity Services I, LLC, which is denied." This amount is listed as an adjustment on the Inmate Trust bank account reconciliations for 2012. The contract was not signed due to various errors in the contract and the Sheriff's Department would not accept the contract as written. The Sheriff has requested a new contract proposal from Trinity Services I, LLC, to settle the disputed amount, but as of June 27, 2013, one has not been presented for consideration. The Sheriff's Department continues to pay Trinity Services I, LLC, for services under the current contract which expires in November of 2014.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (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 August 13, 2013, with David E. Lain, Sheriff, and Edie Hahn, Business Manager. The Official Response has been made a part of this report and may be found on page 6.



Porter County Sheriff's Department

David E. Lain
Sheriff

Steve Lawrence
Chief Deputy

August 21, 2013

State Board of Accounts
155 Indiana Ave.
Valparaiso, IN 46383

In response to our 2012 Audit report, the only item noted concerned discrepancies in the accounting of Trinity Services, our Commissary account vendor. Over the course of the last year, we have exerted tremendous time and energy toward a resolution with Trinity, even to the extent of hiring an independent forensic auditor.

Although a great amount of headway was made, there remains a difference of opinion as to who is responsible for the last \$13,472 owed to the Sheriff's Department by the vendor. (Trinity has already acknowledged fault and paid back over \$98,000 to us.)

As a result of this stalemate, the Sheriff's Department is actively seeking a new vendor for Commissary services.

Sincerely,

A handwritten signature in black ink, appearing to read "David E. Lain".

Sheriff David Lain