

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

SPECIAL INVESTIGATION REPORT

OF

COUNTY SHERIFF'S DEPARTMENT

PULASKI COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
02/05/2016

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Special Investigation Results and Comments:	
Firearms and Ammunition Purchases	4-5
Additional Audit Costs	5-6
Officials Bond.....	6
County Adjusted Gross Income Tax (CAGIT) Special Legislation Fund and Work	
Release Fund Purchases.....	6-8
Commissary Fund Disbursements	8-9
Investigation by Law Enforcement Agencies.....	9
Exit Conference.....	10
Summary of Charges	11
Affidavit.....	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Sheriff	Michael Gayer	01-01-11 to 12-31-14
	Jeffrey K. Richwine	01-01-15 to 12-31-18
County Auditor	Shelia K. Garling	01-01-09 to 01-31-16
President of the Board of County Commissioners	Michael Tiede	01-01-11 to 12-31-12
	Tracey Shorter	01-01-13 to 12-31-13
	Larry Brady	01-01-14 to 12-31-15
President of the County Council	Jerry G. Sullivan, Jr.	01-01-11 to 12-31-15



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 THE PULASKI COUNTY SHERIFF'S DEPARTMENT

We have conducted a special investigation of the records of the Pulaski County Sheriff's Department relating to the expenditures for guns and ammunition for the period January 1, 2011 to December 31, 2014. Our investigation was limited to the following records: commissary fund records of invoices and payments made to vendors for guns and ammunition, accounts payable vouchers (APVs), and invoices supporting payments made to vendors known to supply guns and ammunition to the County Sheriff. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments as listed in the Table of Contents. This report has been forwarded to the Indiana Attorney General and the Pulaski County Prosecutor.

Any Official Response included herein this report has not been examined or verified for its accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 27, 2015

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

FIREARMS AND AMMUNITION PURCHASES

Firearms

Some of the firearms purchased by the former County Sheriff for the period of January 1, 2011 to December 31, 2014, could not be located by the current County Sheriff. The cost of the missing firearms, based upon vendor invoices was \$7,593.77. The purchases were paid from a few different funds, including the Commissary Fund.

<u>Period</u>	<u>Amount</u>
January 1, 2011 to January 1, 2012	\$ 875.00
January 1, 2012 to January 1, 2013	989.00
January 1, 2013 to January 1, 2014	3,423.50
January 1, 2014 to January 1, 2015	<u>2,306.27</u>
Total Missing Firearms	<u><u>\$ 7,593.77</u></u>

Tangible property of a permanent nature (other than land, buildings and improvements) should be inventoried. Examples include machinery, trucks, cars, furniture, typewriters, adding machines, calculators, bookkeeping machines, data processing equipment, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost. The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which equipment items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Ammunition

Ammunition was purchased by the former County Sheriff based upon invoices reviewed as paid through County Funds and Commissary Funds from January 1, 2011 to December 31, 2014. According to the current County Sheriff's personnel, ammunition purchases totaling \$13,038.42 are incompatible with the firearms in inventory and used by the County Sheriff's officers.

<u>Period</u>	<u>Amount</u>
January 1, 2011 to January 1, 2012	\$ 3,336.64
January 1, 2012 to January 1, 2013	4,047.62
January 1, 2013 to January 1, 2014	4,147.31
January 1, 2014 to January 1, 2015	<u>1,506.85</u>
Total Missing Ammunition	<u>\$ 13,038.42</u>

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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)

We requested Michael Gayer, former County Sheriff, reimburse the County \$20,632.19 for the missing firearms (\$7593.77) and incompatible ammunition (\$13,038.42). (See Summary of Charges, page 11)

ADDITIONAL AUDIT COSTS

The State of Indiana incurred additional audit costs in the investigation of the guns and ammunition not in the possession of the current County Sheriff. We requested Michael Gayer, former County Sheriff, reimburse the State of Indiana \$6,005.15 for the additional audit costs incurred in the investigation of the guns and ammunition not in the possession of the current County Sheriff. (See Summary of Charges, page 11)

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs and other costs incurred because of poor records, nonexistent records, or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

OFFICIALS BOND

Pulaski County has a Public Official's Bond with Auto-Owners Insurance Company. The terms of the bonds are January 1, 2011 to January 1, 2012, January 1, 2012 to January 1, 2013, January 1, 2013 to January 1, 2014, and January 1, 2014 to January 1, 2015, providing coverage of \$15,000. The Obligee on the Bond is the State of Indiana.

**COUNTY ADJUSTED GROSS INCOME TAX (CAGIT) SPECIAL LEGISLATION
FUND AND WORK RELEASE FUND PURCHASES**

The former County Sheriff purchased \$27,200.87 of firearms and ammunition from the County Adjusted Gross Income Tax (CAGIT) Funds, which were established by special legislation to fund the operation and maintenance of the jail and justice center. It is not clear how the purchase of firearms and ammunition assist with funding the operation and maintenance of the jail and justice center. Also, \$1,996.25 of the CAGIT funds were used for the purchase of holsters, ammunition pouches, and grenade pouches.

Indiana Code 6-3.5-1.1-3.5 states in part:

"(a) This section applies only to Pulaski County.

(b) The county council may, by ordinance, determine that additional county adjusted gross income tax revenue is needed in the county to fund the operation and maintenance of a jail and justice center. . . .

(d) If the county imposes the county adjusted gross income tax at an additional rate under this section, the revenue derived from the additional tax rate on adjusted gross income:

- (1) shall be paid to the county treasurer;
- (2) may be used only to pay the costs of operating and maintaining a jail and justice center;
and
- (3) may not be considered by the department of local government finance under any provision of IC 6-1.1-18.5, including the determination of the county's maximum permissible property tax levy."

Furthermore, in 2011, the former County Sheriff paid \$189.80 from the Work Release fund for a cuff case, gun holster, and ammunition cases.

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Indiana Code 11-10-8-6 states:

"(a) The earnings of an offender employed in a work release program under this chapter, less payroll deductions required by law and court ordered deductions for satisfaction of a judgment against the offender, shall be surrendered to the department or its designated representative. The remaining earnings shall be distributed in the following order:

- (1) State and federal income taxes and Social Security deductions not otherwise withheld.
- (2) The cost of membership in an employee organization.
- (3) Ten percent (10%) of the offender's gross earnings, to be deposited in the violent crime victims compensation fund established by IC 5-2-6.1-40.
- (4) Not less than fifteen percent (15%) of the offender's gross earnings, if that amount of the gross is available after the above deductions, to be given to the offender or retained by the department. If retained by the department, the amount, with accrued interest, must be returned to the offender not later than at the time of the offender's release on parole or discharge.
- (5) The expense of room and board, as fixed by the department and the budget agency, in facilities operated by the department, or, if the offender is housed in a facility not operated by the department, the amount paid by the department to the operator of the facility or other appropriate authority for room and board and other incidentals as established by agreement between the department and the appropriate authority.
- (6) Transportation cost to and from work, and other work related incidental expenses.
- (7) Court ordered costs or fines imposed as a result of conviction of an offense under Indiana law, unless the costs or fines are being paid through other means.
- (8) If an offender is eligible for an offender reentry administrative account under IC 11-10-15, at least ten percent (10%) and not more than twenty percent (20%) of the offender's gross earnings, to be deposited in the offender's reentry administrative account.

(b) After the amounts prescribed in subsection (a) are deducted, the department may, out of the remaining amount:

- (1) when directed by the offender or ordered by the court, pay for the support of the offender's dependents (if the offender's dependents are receiving welfare assistance, the appropriate county office of the division of family resources or welfare department in another state shall be notified of these disbursements); and
- (2) with the consent of the offender, pay to the offender's victims or others any unpaid obligations of the offender.

(c) Any remaining amount shall be given to the offender or retained by the department in accord with subsection (a)(4).

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

(d) The department may, when special circumstances warrant or for just cause, waive the collection of room and board charges by or on behalf of a facility operated by the department or, if the offender is housed in a facility not operated by the department, authorize payment of room and board charges from other available funds."

Indiana Code 11-10-8-6.5 states:

"(a) There is created the work release-study release subsistence special revenue fund to be used for:

- (1) construction of new work release or study release facilities;
- (2) maintenance of work release or study release facilities;
- (3) general operating costs of the work release or study release programs, including offender services;
- (4) providing programs or services established under IC 11-13-8; or
- (5) the matching of federal funds for use in the work release or study release programs.

(b) Money collected under section 6(a)(5) of this chapter shall be deposited in the fund not later than the fifteenth day of the month following the month in which it was received.

(c) Earnings on the money deposited in the fund shall be deposited in the fund.

(d) The commissioner shall submit a proposed budget for expenditure of the money in the fund to the state budget agency for approval in accord with IC 4-12-1.

(e) If the fund is abolished, its contents revert to the state general fund.

(f) Money in the fund is continuously appropriated for the purposes provided under this article."

COMMISSARY FUND DISBURSEMENTS

Commissary funds were used to provide holiday and retirement celebrations, as well as for purchasing various commemorative items. The amounts spent in 2011, 2012, 2013, and 2014 were \$750, \$1,364, \$8,308.46, and \$5,497.45, respectively.

In 2014, Commissary funds were also used to help settle a small claims court settlement levied against an employee of the County Sheriff's Office in the amount of \$1,353.16.

It is unclear as to whether the County Council authorized these disbursements.

Indiana Code 36-8-10-21 states:

"(a) This section applies to any county that has a jail commissary that sells merchandise to inmates.

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

(b) A jail commissary fund is established, referred to in this section as 'the fund.' The fund is separate from the general fund, and money in the fund does not revert to the general fund.

(c) The sheriff, or the sheriff's designee, shall deposit all money from commissary sales into the fund, which the sheriff or the sheriff's designee shall keep in a depository designated under IC 5-13-8.

(d) The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;
- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;
- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
 - (A) Substance abuse.
 - (B) Child abuse.
 - (C) Domestic violence.
 - (D) Drinking and driving.
 - (E) Juvenile delinquency
- (8) expenses related to the establishment, operation, or maintenance of the sex and violent offender registry web site under IC 36-2-13-5.5; or
- (9) and other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff."

INVESTIGATION BY LAW ENFORCEMENT AGENCIES

An ongoing investigation is being conducted by the Indiana State Police concerning the purchases of firearms and ammunition not in the possession of the County Sheriff.

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 17, 2015, with Jeffrey K. Richwine, County Sheriff; Shelia K. Garling, County Auditor; Kevin Tankersley, County Attorney; the County Council; the County Commissioners; and investigators for Pulaski County.

COUNTY SHERIFF'S DEPARTMENT
PULASKI COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Michael Gayer, former County Sheriff:			
Firearms and Ammunition Purchases, pages 4-5	\$ 20,632.19	\$ -	\$ 20,632.19
Additional Audit Costs, pages 5-6	<u>6,005.15</u>	<u>-</u>	<u>6,005.15</u>
Totals	<u>\$ 26,637.34</u>	<u>\$ -</u>	<u>\$ 26,637.34</u>


This report was forwarded to the Office of the Indiana Attorney General and local prosecuting attorney.

(This page intentionally left blank.)

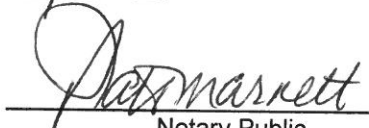
AFFIDAVIT

STATE OF INDIANA)
LaPorte COUNTY)

I, Michelle M. Janosky, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Pulaski County Sheriff, Pulaski County, Indiana, for the period from January 1, 2011 to December 31, 2014, is true and correct to the best of my knowledge and belief.


Field Examiner

Subscribed and sworn to before me this 4 day of February, 2016


Notary Public

My Commission Expires: 9-3-2022

County of Residence: LaPorte