

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

AUDIT REPORT
OF
COUNTY SHERIFF
DELAWARE COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
09/12/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	George Sheridan, Jr.	01-01-03 to 12-31-10
President of the County Council	Joseph M. Russell Bradley Bookout	01-01-05 to 12-31-06 01-01-07 to 12-31-07
President of the Board of County Commissioners	Thomas Bennington John Brooke	01-01-06 to 12-31-06 01-01-07 to 12-31-07



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 DELAWARE COUNTY, INDIANA

We have audited the records of the County Sheriff for the period from January 1, 2006 to December 31, 2006, 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 Delaware County for the year 2006.

STATE BOARD OF ACCOUNTS

July 25, 2007

COUNTY SHERIFF
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for audit were incomplete and not reflective of the activity of the Inmate Trust and Commissary Funds.

1. The Inmate Trust "Ledger Report" presented has a column for Description but the description does not detail the specific type of receipt or check issued, it states Add-Cash or Deplete Cash Drawer-Cash. The form does not specify from whom the receipt is received nor for whom the check is issued. In order to compile the Cash Receipts and Disbursements financial information, it was necessary to go to several software application reports. This resulted in an immaterial reconciling item.
2. The records presented did not provide sufficient information to audit or establish gross commissary sales to inmates as well as disbursements for merchandise for resale to inmates through the Commissary Fund. The gross sales and purchase of merchandise for resale to inmates was incorrectly accounted for through the Inmate Trust Fund.

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, Chapter 1)

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, Chapter 1)

Indiana Code 36-8-10-21(c) states in part: "The sheriff . . . shall deposit all money from commissary sales into the commissary fund . . ." Indiana Code 36-8-10-21(d) states in part: "The sheriff . . . may disburse money from the fund for: (1) merchandise for resale to inmates through the commissary . . ."

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient. Currently, the software accounting system accounts for commissary sales and purchases through the inmate trust fund and then transfers the net earnings to the Commissary Fund. This results in the semi-annual report of the commissary funds to the County Council not including all the transactions. Also, the net earnings transferred from the Inmate Trust do not agree to the Commissary Fund receipts.

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, Chapter 1)

Indiana Code 36-8-10-21(e) states in part: "The sheriff shall maintain a record of the fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record. The sheriff shall semiannually provide a copy of this record of receipts and disbursements to the county fiscal body. The semiannual reports are due on July 1 and December 31 of each year."

COUNTY SHERIFF
DELAWARE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

FUND SOURCES AND USES - SHERIFF REVOLVING EXTRADITION AND TRAINING FUND

Upon election to office in 2003, the Sheriff continued to maintain the "Revolving Extradition and Training Fund" established by preceding Sheriffs and County Council. The State Board of Accounts has been unaware of this fund and can find no statutory authority for the Sheriff to maintain this fund since Indiana Code 36-1-2-7 defines the Auditor as the fiscal officer for the county. Receipts for training fees were incorrectly receipted to the "Sheriff's Revolving Extradition and Training Fund." Funds were disbursed from the "Sheriff's Revolving Extradition and Training Fund" for uniforms, training expenses, transporting of prisoners, and first witness.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Indiana Code 36-2-7-2 states in part: ". . . compensation fixed for county officers and employees under this title is in full for all governmental services and in lieu of all: (1) fees; . . . which shall be paid into the county general fund."

Indiana Code 35-33-14 establishes a "County Extradition Fund" . . . "The county auditor shall administer the fund." The fund consists of the portion of late surrender fees deposited in the fund under IC 27-10-2-12(i). If this fund does not have sufficient funds available for extradition purposes, additional appropriations should be secured from the county general fund (County Bulletin, April 1999)

DEPOSITS

As stated in the prior Report B27897, in numerous instances, receipts were deposited later than the next business day. Accident report and gun permit receipts were remitted for deposit to the Sheriff's Cash Book at the end of week with an average deposit of \$343. Also grant monies received from pass-through entities are being held for several months without being deposited. Seventy-one percent of the Sheriff's Training and Extradition Fund receipts were deposited later than the next business day.

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 . . ."

COUNTY SHERIFF
DELAWARE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2007, with George Sheridan, Jr., Sheriff; and Lisa Scroggins, Office Manager.