

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

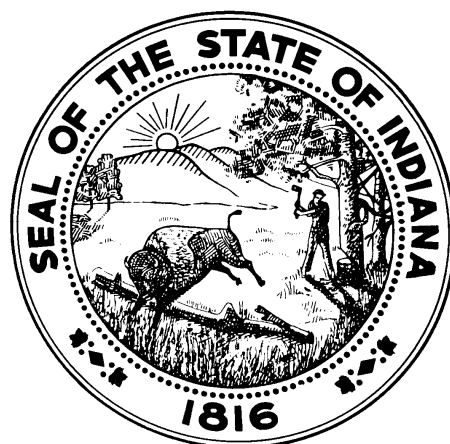
AUDIT REPORT

OF

COUNTY SHERIFF

LAPORTE COUNTY, INDIANA

January 1, 2008 to December 31, 2008



FILED

11/25/2009

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Michael Mollenhauer	01-01-07 to 12-31-10
President of the County Council	Mark Yagelski	01-01-08 to 12-31-09
President of the Board of County Commissioners	William Hager Barbara Huston	01-01-08 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAPORTE COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2008 to December 31, 2008, 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 LaPorte County for the year 2008.

STATE BOARD OF ACCOUNTS

October 27, 2009

COUNTY SHERIFF
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

COMPENSATION

The Sheriff's Department routinely provides security for events at the County Fairgrounds through verbal agreements with the County Fair Board. Payment for these services is made by the Fair Board by check to the County Sheriff's Department. The checks are cashed and the cash is distributed to the officers and employees who worked the events. The officers and employees are working these events when off duty. This has been an ongoing practice for many years. The amounts received and distributed for 2005, 2006, 2007 and 2008, were \$12,735, \$12,732, \$13,562, and \$14,514, respectively. In 2009, the charge provided to the Fair Board of \$15,573 was paid to the workers directly by the Fair Board. Other payments are also received by the Sheriff's Department for services provided with the checks being cashed and the cash distributed to the appropriate officers and employees. For example from 2003 through 2008, we identified seventeen checks totaling \$35,500.85 paid to the Sheriff's Department for fire arms training provided to the security staff of two local hospitals. These checks were cashed and the cash was retained by the individual who provided these services at the County owned firing range while off duty. The training was provided by Delayne D. Ott, Chief Deputy Sheriff, through 2006 and as a private citizen thereafter. The amounts from the seventeen checks received and retained by Mr. Ott in 2003, 2004, 2005, 2006, 2007 and 2008, were \$2,350, \$5,750, \$6,000, \$7,994, \$3,325, and \$10,081.85, respectively. The amounts received in 2009 totaling \$6,210.55 were quietused into the County Fire Arms Training Fund, quietus numbers 89374 and 89375 dated October 26, 2009.

A Federal Form 1099-MISC (Miscellaneous Income) was not issued for any of the amounts paid in cash to the officers and other individuals working the events. Also, W-2's were not adjusted to report the additional compensation.

The Sheriff, in 2009, discontinued the practices noted above. All checks received at the Sheriff's Department are now being receipted or quietused and deposited to the appropriate records of the County. All disbursements will be by check or warrant.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CONTRACTS

Payments were received by the County Sheriff's Department for services provided by off duty officers and employees. The services provided and payments received were not supported by a written contract approved by the County Commissioners. This practice has been in place for many years. An example is the use of Sheriff Department personnel to provide security at the annual county fair. The Fair Board per a verbal agreement pays the County Sheriff's Department who in turn pays the personnel who worked the Fair.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COLLECTION OF AMOUNTS DUE

It was brought to our attention that a function at the fairgrounds in the Spring of 2009 was provided security by off duty LaPorte County officers as arranged by Sheriff Department personnel. The arrangement called for officers to be paid \$30 per hour for hours worked at the three day function. The amount billed to the Fair Board totaling \$24,360 has not been paid and the officers and employees that worked the event have not been paid.

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 of Indiana, Chapter 1)

COUNTY SHERIFF
LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2009, with Michael Mollenhauer, Sheriff. The official concurred with our audit findings.

The contents of this report were discussed on October 27, 2009, with Craig Hinchman, Auditor; Barbara Huston, President of the Board of County Commissioners; and Rich Mrozinski, Jr., Vice President of the County Council.