

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

AUDIT REPORT

OF

COUNTY SHERIFF

MADISON COUNTY, INDIANA

January 1, 2009 to December 31, 2009



FILED

09/03/2010

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Sheriff	Ron Richardson	01-01-07 to 12-31-10
President of the County Council	Bill Savage	01-01-09 to 12-31-10
President of the Board of County Commissioners	Paul Wilson	01-01-09 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MADISON COUNTY

We have audited the records of the County Sheriff for the period from January 1, 2009 to December 31, 2009, 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 Madison County for the year 2009.

STATE BOARD OF ACCOUNTS

August 5, 2010

COUNTY SHERIFF
MADISON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Proper internal controls were not in place at the Sheriff's department. Monies related to fees associated with accident reports, gun permits, finger prints and the sex offender registry were collected without the use of a cash register and tape. Individual checks were not listed separately on the deposit slips and collections were not deposited daily. Additionally, a formal cash change fund was not established.

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)

DEPOSITS

In numerous instances, receipts were deposited later than the next business day. Generally, receipts were held an average of one week before deposit.

IC 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. . . ."

ACCOUNTABLE ITEMS

In numerous instances, individual receipts could not be directly traced to deposit. The bank deposit slip used by the Sheriff Civil Office does not list the checks and money orders individually.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

MALFEASANCE, MISFEASANCE OR NONFEASANCE

Comparison of several days' receipts to the corresponding deposit detail implies that monies related to fees associated with accident reports, gun permits, finger prints and the sex offender registry were not deposited in tact at the Sheriff's department.

COUNTY SHERIFF
MADISON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Additionally, a recent cash count indicated that monies receipted totaled \$712 while monies on hand totaled \$370.75. This implies that collections on hand were short \$341.25.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance 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, Chapter 1)

ABSENCE OF A CASH CHANGE FUND

The Sheriff's office accepted cash payments for a variety of fees without properly establishing a cash change fund. Change was made for patrons by maintaining previous collections in the cash drawer, as opposed to depositing all collections intact and establishing a formal cash change fund.

IC 36-1-8-2 states:

" . . . (a) The fiscal body of a political subdivision may permit any of its officers or employees having a duty to collect cash revenues to establish a cash change fund. Such a fund must be established by a warrant drawn on the appropriate fund of the political subdivision in favor of the officer or employee, in an amount determined by the fiscal body without need for appropriation to be made for it.

(b) The officer and employee who establish a cash change fund shall convert the warrant to cash, shall use it to make change when collecting cash revenues, and shall account for it in the same manner as is required for other funds of the political subdivision. (c) The fiscal body shall require the entire cash change fund to be returned to the appropriate fund whenever there is a change of the custodian of the fund or if the fund is no longer needed."

A claim should be filed by the officer or employee designated by the fiscal body. The claim should contain a statement regarding the necessity for such fund together with the statutory reference (IC 36-1-8-2) authorizing its establishment. We do caution officials the amount Advanced should not be greater than seems reasonably needed by the officer or employee.

COUNTY SHERIFF
MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 6, 2010, with Ron Richardson, Sheriff; and Rick Garrett, Captain. The official response has been made a part of this report and may be found on page 7.



MADISON COUNTY SHERIFF'S DEPARTMENT
Ron Richardson, Sheriff

August 6, 2010

Indiana State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

RE: Official Response to Exit Conference
Madison County Sheriff's Department
August 6, 2010

The Madison County Sheriff's Department acknowledges the deficiencies in the cash collection system as indicated by the State Board of Accounts. The establishment of a cash drawer and all recommendations were implemented prior to the exit interview. The same cash collection procedure has been utilized by the department for over thirty years and has never been determined to be improper by the State Board of Accounts until this year.

Sincerely,

A handwritten signature in cursive script that reads "Ron Richardson".

Ron Richardson
Madison County Sheriff

