

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

SPECIAL INVESTIGATION REPORT

OF

SHERIFF'S INMATE TRUST

JAY COUNTY, INDIANA

January 1, 2015 to June 30, 2018



FILED

10/11/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JAY COUNTY, INDIANA

This is a special investigation report for Jay County (County), for the period January 1, 2015 to June 30, 2018, and is in addition to any other report for the County as required under Indiana Code 5-11-1. All reports pertaining to the County may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. We limited our procedures to records associated with the Inmate Trust and Sheriff's Commissary Funds. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

September 12, 2018

SHERIFF'S INMATE TRUST
JAY COUNTY
RESULTS AND COMMENTS

BACKGROUND

During the financial statement audit of the County, auditors from the Indiana State Board of Accounts noted unusual "uncleared deposits" on the monthly bank reconciliations for the Sheriff's Inmate Trust Account. These uncleared deposits were carried from month to month, indicating that collections may not have been deposited. In accordance with Indiana State Board of Accounts internal policy, the matter was referred and a special investigation was initiated.

Rachel Bentz (Bentz) was the jail matron responsible for banking and bookkeeping for the inmate trust and sheriff's commissary funds during the period from January 1, 2007 through April 14, 2018. Her replacement did not remain in the position, and Bentz returned briefly from April 29, 2018, until the current matron assumed all of the duties on June 17, 2018.

Funds were added to an inmate's trust account in four ways:

1. Currency could be fed into a kiosk in the lobby of the jail. The kiosk interfaced with the accounting software and the amounts received were credited to the inmate's account in real time.
2. Checks received in the mail from other detention facilities for inmate transfers were receipted into the accounting software by Bentz and placed in a "check drawer."
3. Cash that was on the person of an inmate when booked into custody was entered into a kiosk in the booking area. This process automatically recorded the amount in the accounting software. Currency rejected by the kiosk was manually entered by staff on duty and also placed in the check drawer.
4. Funds could be added remotely by telephone or internet through the inmate trust accounting software provider's nationwide network.

Funds added remotely were automatically credited to the County's inmate trust bank account and recorded in the accounting records. Funds received at the jail facility by the other three methods were removed from the kiosks and check drawer, manually counted, balanced to printouts generated from the accounting software, and physically transmitted to the financial institution for deposit. Cash made up more than 97 percent of these locally deposited funds.

COLLECTIONS NOT DEPOSITED

From the printouts used to balance collections, we traced totals to deposits shown on the inmate trust bank statements for the period from January 1, 2015 through June 30, 2018. Beginning in May 2015, we noted that deposits were often made later than the next business day. Over the 42 months that we examined, 103 of 594 deposits were made more than five days after the collection date. On days that late deposits were made, we found consistently with few exceptions, that day's collections were also not deposited until days later. For example, August 6, 2015 collections of \$911 were not deposited until 43 days later on September 18. However, September 18 collections of \$1,228 were not deposited until 10 days later on September 28. September 28 collections of \$1,298 were not deposited until 9 days later on October 7. This pattern continued, indicating that Bentz was using current collections to make the deposits for prior days' collections.

SHERIFF'S INMATE TRUST
JAY COUNTY
RESULTS AND COMMENTS
(Continued)

As time progressed, the number of days between date of collection and date of deposit began to increase, as did the cumulative amount of collections not deposited. In order to balance the records with the bank balance, the collections not deposited were listed as uncleared deposits on the monthly bank reconciliations. As of December 31, 2017, collections totaling \$8,138.64 had not been deposited. All collections received after that date were deposited; however, that amount had still not been deposited as of June 30, 2018.

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 . . ."

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

We are requesting that Bentz reimburse the Jay County Inmate Trust Fund \$8,138.64 for collections not deposited. (See Summary of Charges, page 7)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the Jay County Inmate Trust funds.

Audit costs incurred because of poor records, nonexistent records, or any other inadequate book-keeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

We are requesting that Bentz reimburse the State of Indiana \$6,504.17 for special investigation costs. (See Summary of Charges, page 7)

INTERNAL CONTROL DEFICIENCIES

We noted deficiencies in the internal control system regarding collecting and accounting for inmate trust funds. These deficiencies include, but are not limited to, lack of segregation of duties and lack of oversight and review of accounting functions and reports. One employee collected and counted cash receipts, prepared deposits and transmitted them to the bank, posted receipts and adjustments to the accounting records, and performed the reconciliations of the records to the bank statements. Deposits and bank reconciliations were not reviewed or approved by an official or employee not involved in preparing them.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

SHERIFF'S INMATE TRUST
JAY COUNTY
RESULTS AND COMMENTS
(Continued)

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

BLANKET BOND COVERAGE

The Office of the County Sheriff, Jay County, was covered by public employees blanket bonds as follows:

<u>Period</u>	<u>Amount</u>
01-01-15 to 01-01-16	\$ 15,000
01-01-16 to 12-31-16	15,000
01-01-17 to 12-31-17	15,000
01-01-18 to 12-31-18	15,000

SHERIFF'S INMATE TRUST
JAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2018, with Dwane Ford, County Sheriff, and Jeanne Houchins, President of the County Council.

SHERIFF'S INMATE TRUST
 JAY COUNTY
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Rachel Bentz, former Jail Matron:			
Collections Not Deposited, pages 3 and 4	\$ 8,138.64	\$ -	\$ 8,138.64
Special Investigation Costs, page 4	<u>6,504.17</u>	<u>-</u>	<u>6,504.17</u>
 Totals	 <u>\$ 14,642.81</u>	 <u>\$ -</u>	 <u>\$ 14,642.81</u>

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

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AFFIDAVIT

STATE OF INDIANA)
)
GRANT COUNTY)

I, Stanley Willmert, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Jay County, Indiana, for the period from January 1, 2015 to June 30, 2018, is true and correct to the best of my knowledge and belief.

Stanley Willmert
Field Examiner

Subscribed and sworn to before me this 3rd day of OCTOBER, 2018

Lisa Maria Todd
Notary Public

My Commission Expires: _____

County of Residence: _____

