

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

SPECIAL INVESTIGATION REPORT
OF
COUNTY SHERIFF
JEFFERSON COUNTY, INDIANA
January 1, 2015 to December 31, 2017



FILED
12/12/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

This is a special investigation report for Jefferson County (County), for the period January 1, 2015 to December 31, 2017, 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 and were limited to records associated with the County Sheriff's inmate trust accounts and cash bonds. 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

November 1, 2018

COUNTY SHERIFF
JEFFERSON COUNTY
RESULTS AND COMMENTS

BACKGROUND

The County Sheriff's Department (Sheriff's Department) officials became aware that there were inmate cash bonds collected that were not deposited and accounted for by Andrew Horine (Horine), former Jail Commander.

Horine was hired as Jail Commander on August 25, 2014. His duties included depositing money received for cash bonds and commissary purchases, disbursing funds to commissary vendors, returning inmate's remaining balances at the time of release, and issuing checks to the Clerk of the Circuit Court for the cash bonds.

The Indiana State Board of Accounts was notified by the Sheriff's Department officials in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting of the inmate cash bonds collected by Horine. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana.

INVESTIGATION BY LAW ENFORCEMENT

The Indiana State Police conducted an investigation and Horine was arrested on December 28, 2017. Case number 39D01-1712-F5-1195 was filed in the Jefferson County Superior Court, Jefferson County, Indiana. Horine was criminally charged with corrupt business influence, official misconduct, obstruction of justice and theft.

CASH BONDS NOT DEPOSITED

During the period of February 12, 2015 to December 12, 2017, 85 cash bonds collected, totaling \$60,320, were not deposited in the bank by Horine.

In addition, the Sheriff's Department discovered 634 money orders, MoneyGrams, postal money orders, and Western Union money orders totaling \$16,599.68 that had not been deposited. Due to the purchase dates, which ranged from August 7, 2015 to October 18, 2015, these items were expired and the Sheriff's Department was unable to collect the money due.

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 . . . Public funds deposited . . . shall be deposited in the same form in which they were received."

Indiana Code 35-33-8-3.2(e) states: "With the approval of the clerk of the court, the county sheriff may collect the bail posted under this section. The county sheriff shall remit the bail to the clerk of the court by the following business day and remit monthly the five dollar (\$5) special death benefit fee to the county auditor."

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)

Horine was requested to reimburse the Sheriff's Department \$76,919.68 for cash bonds not deposited. (See Summary of Charges, page 6)

COUNTY SHERIFF
JEFFERSON COUNTY
RESULTS AND COMMENTS
(Continued)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs due to the special investigation of the Sheriff's Department.

Audit costs incurred because of poor records, nonexistent records, or any other inadequate bookkeeping 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)

Horine was requested to reimburse the State of Indiana \$17,676.41 for special investigation costs.

INTERNAL CONTROLS

Internal control weaknesses existed that contributed to Horine's failure to deposit cash bonds received without detection. Horine, as Jail Commander, was responsible for the administration of inmate trust funds, which included depositing money received for cash bonds and commissary purchases. His duties also included disbursing funds to commissary vendors, returning inmate's remaining balances at the time of release, and issuing checks to the Clerk of the Circuit Court for the cash bonds. There was not effective oversight conducted in relation to the inmate trust funds from another Sheriff's Department employee.

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. These standards include adequate control activities. According to this manual:

"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. . . ."

CRIME INSURANCE POLICY

The following is information regarding crime insurance coverage obtained by the County:

Period	Amount
04-01-14 to 04-01-15	\$ 100,000
04-01-15 to 04-01-16	100,000
04-01-16 to 04-01-17	100,000
04-01-17 to 04-01-18	100,000

COUNTY SHERIFF
JEFFERSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2018, with John Wallace, County Sheriff; Sheila Harrison, Jail Commander; Chris Shelton, President of the County Council; and David H. Bramer, President of the Board of County Commissioners.

The contents of this report were discussed on November 1, 2018, with Andrew Horine, former Jail Commander, in a separate meeting.

COUNTY SHERIFF
 JEFFERSON COUNTY
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Andrew Horine, former Jail Commander:			
Cash Bonds Not Deposited, page 3	\$ 76,919.68	\$ -	\$ 76,919.68
Special Investigation Costs, page 4	<u>17,676.41</u>	<u>-</u>	<u>17,676.41</u>
Totals	<u>\$ 94,596.09</u>	<u>\$ -</u>	<u>\$ 94,596.09</u>

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

AFFIDAVIT

STATE OF INDIANA)
Greene COUNTY))

I, Lynne Spencer, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Jefferson County, Indiana, for the period from January 1, 2015 to December 31, 2017, is true and correct to the best of my knowledge and belief.

Lynne Spencer
Field Examiner

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

Terressa E. Spark
Notary Public

My Commission Expires: 01-22-2025

County of Residence: Greene

