

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

SPECIAL COMPLIANCE REPORT

OF

COUNTY SHERIFF

SCOTT COUNTY, INDIANA

April 13, 2018 to December 31, 2018



**FILED**  
10/15/2019



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter .....	2
County Sheriff:	
Results and Comments:	
Commissary Fund Expenses.....	3-4
Noncompliance with Vehicle Purchases Ordinance.....	4
Capital Assets .....	4-5
Internal Controls.....	5
Exit Conference .....	6



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TO: THE OFFICIALS OF SCOTT COUNTY, INDIANA

This is a special compliance report for Scott County Sheriff (County), for the period April 13, 2018 to December 31, 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/](http://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 Sheriff's Commissary fund disbursements. 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

August 23, 2019

COUNTY SHERIFF  
SCOTT COUNTY  
RESULTS AND COMMENTS

**COMMISSARY FUND EXPENSES**

The Sheriff's Commissary fund was used to purchase promotional items, inmate testing, lawn care equipment and supplies, tools, sponsorships, bereavement gifts, meals, items for recognition and appreciation of officers, and jail repairs during the period reviewed totaling \$27,962.61. There was not enough evidence to validate the above mentioned items met the criteria for uses in Indiana Code 36-8-10-21. There was no policy presented governing the use of commissary funds in addition to Indiana Code 36-8-10-21, and there was no County Council approval of the above mentioned items.

Indiana Code 36-8-10-21(d) states:

"The sheriff, or the sheriff's designee, at the sheriff's or the sheriff's designee's discretion and without appropriation by the county fiscal body, may disburse money from the fund for:

- (1) merchandise for resale to inmates through the commissary;
- (2) expenses of operating the commissary, including, but not limited to, facilities and personnel;
- (3) special training in law enforcement for employees of the sheriff's department;
- (4) equipment installed in the county jail;
- (5) equipment, including vehicles and computers, computer software, communication devices, office machinery and furnishings, cameras and photographic equipment, animals, animal training, holding and feeding equipment and supplies, or attire used by an employee of the sheriff's department in the course of the employee's official duties;
- (6) an activity provided to maintain order and discipline among the inmates of the county jail;
- (7) an activity or program of the sheriff's department intended to reduce or prevent occurrences of criminal activity, including the following:
  - (A) Substance abuse.
  - (B) Child abuse.
  - (C) Domestic violence.
  - (D) Drinking and driving.
  - (E) Juvenile delinquency;
- (8) expenses related to the establishment, operation, or maintenance of the sex and violent offender registry web site under IC 36-2-13-5.5; or
- (9) any other purpose that benefits the sheriff's department that is mutually agreed upon by the county fiscal body and the county sheriff."

COUNTY SHERIFF  
SCOTT COUNTY  
RESULTS AND COMMENTS  
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**NONCOMPLIANCE WITH VEHICLE PURCHASES ORDINANCE**

A 2018 Dodge Durango was purchased in the amount of \$40,622.38 on December 21, 2018, with a Promissory Note that was signed by the County Sheriff's Department without the expressed permission of the Board of County Commissioners; this was not in accordance with the ordinance establishing the vehicle purchases policy for the County.

The Scott County Ordinance No. 2016-009 states in part:

". . . (a) For any purchase that requires registration by the State of Indiana or liability coverage under the insurance policies of the County, approval of the Board of Commissioners is required to purchase such item, and prior to placing an order for such item.

(b) The Board of Commissioners is the only purchase agent for vehicles of any kind or character, or items that require registration by the State of Indiana or liability coverage under the insurance policies of the County, regardless of the funding for such a purchase.

(c) The title to any vehicle or item that requires registration by the State of Indiana shall be made in the name of the Scott County Board of Commissioners. Any such vehicle or item already purchased, which is not currently titled in the name of the Scott County Board of Commissioners shall be transferred to the name of the Scott County Board of Commissioners.

(d) Any and all claims for payments for any vehicle or item that requires registration by the State of Indiana shall be approved and signed by the Scott County Board of Commissioners at an open meeting of the Board of Commissioners. . . . All prior ordinances or parts thereof inconsistent with any provision of this ordinance are hereby repealed."

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**CAPITAL ASSETS**

A complete record of capital assets for the County Sheriff's Department was not presented for the period examined. An inventory listing has been created in 2019 and two guns purchased by the County Sheriff's Department have not been accounted for.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
SCOTT COUNTY  
RESULTS AND COMMENTS  
(Continued)

Control activities are designed to fulfill defined responsibilities and address identified risks. An evaluation of the purpose of the control activity is performed as well as an evaluation of the effect a deficiency would have on objectives. Control activities may be either automated or manual. The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes:

...

- Physical control over vulnerable assets. . . ."

(Uniform Internal Control Standards for Indiana Political Subdivisions, Part 1, Principle 10)

### **INTERNAL CONTROLS**

Internal controls over the disbursements from the Sheriff's Commissary fund as well as purchasing of vehicles were not properly designed or implemented. As a result, disbursements were made from the Commissary fund and borrowing was able to occur without enough evidence that the expenses met the criteria for uses in Indiana Code 36-8-10-21 or complied with ordinances as establish by the County. In addition, internal controls were not in place to monitor purchase and disposals of vulnerable capital assets resulting in two guns not being accounted for properly.

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:

"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. . . ."

COUNTY SHERIFF  
SCOTT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2019, with Tammy Stout Johnson, County Auditor; Jerry Goodin, County Sheriff; Robert C. Tobias, President of the Board of County Commissioners; Mike Zollman, President of the County Council; and Robert L. Houston, County Attorney.