

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GRANT COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
09/30/2020



## TABLE OF CONTENTS

| <u>Description</u>  | <u>Page</u> |
|---|-------------|
| Schedule of Officials .....   | 2           |
| Transmittal Letter .....  | 3           |
| County Auditor:   |             |
| Audit Result and Comment:   |             |
| Penalties, Interest, and Other Charges.....   | 6           |
| Official Response.....  | 7           |
| Exit Conference .....   | 8           |
| County Treasurer:   |             |
| Audit Result and Comment:   |             |
| Bank Account Reconciliations and Monthly Financial Reports.....                             | 10          |
| Official Response.....  | 11          |
| Exit Conference .....   | 12          |
| Clerk of the Circuit Court:   |             |
| Audit Result and Comment:   |             |
| Timeliness of Receipts and Deposits.....  | 14          |
| Official Response.....  | 15          |
| Exit Conference .....   | 16          |
| County Sheriff:   |             |
| Audit Results and Comments:   |             |
| Internal Controls - Sheriff Inmate Trust and Sheriff Commissary .....                       | 18-19       |
| Condition of Records.....   | 19          |
| Sheriff Inmate Trust Fund Sources and Uses.....   | 20          |
| Timely Recording .....  | 20-21       |
| Bank Account Reconciliations - Sheriff Inmate Trust and Sheriff Commissary .....            | 21          |
| Bank Account Reconciliations - Sheriff Cash Book .....                                      | 22          |
| Advance Payments .....  | 22          |
| Credit Cards .....  | 23-24       |
| Sheriff Commissary Fund Sources and Uses.....   | 24-25       |
| Sheriff Commissary Fund - Semiannual Reporting .....  | 25          |
| Supporting Documentation .....  | 26          |
| Deposits - Sheriff Commissary .....   | 26-27       |
| Prescribed Forms.....   | 27          |
| Staled Dated Outstanding Checks (Warrants).....   | 27-28       |
| Supplemental Annual Financial Report -<br>Sheriff Inmate Trust and Sheriff Commissary ..... | 28          |
| Exit Conference.....  | 29          |
| Board of County Commissioners:  |             |
| Audit Result and Comment:   |             |
| Training and Certification on Internal Control Standards.....                               | 32          |
| Exit Conference .....   | 33          |

SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>                    | <u>Term</u>                                  |
|---|------------------------------------|--|
| County Auditor                                    | James E. McWhirt                   | 01-01-19 to 12-31-20                         |
| County Treasurer                                  | Tiffany N. Griffith                | 01-01-19 to 12-31-20                         |
| Clerk of the Circuit Court                        | Pamela K. Harris                   | 01-01-19 to 12-31-20                         |
| County Sheriff                                    | Reggial E. Nevels, Sr.             | 01-01-19 to 12-31-20                         |
| County Recorder                                   | Kathy Foy                          | 01-01-19 to 12-31-20                         |
| President of the Board of<br>County Commissioners | Michael H. Burton<br>Mark Bardsley | 01-01-19 to 12-31-19<br>01-01-20 to 12-31-20 |
| President of the<br>County Council                | Shane Middlesworth                 | 01-01-19 to 12-31-20                         |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF GRANT COUNTY, INDIANA

This report is supplemental to our audit report of Grant County (County), for the period from January 1, 2019 to December 31, 2019. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement Audit Report of the County, which provides our opinions on the County's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

September 24, 2020

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COUNTY AUDITOR  
GRANT COUNTY

COUNTY AUDITOR  
GRANT COUNTY  
AUDIT RESULT AND COMMENT

***PENALTIES, INTEREST, AND OTHER CHARGES***

*Condition and Context*

An E-911 lease payment due on December 31, 2019, was not paid until January 2020, which resulted in penalty payments of \$718 in 2020. Additionally, an ambulance lease payment due on December 31, 2018, was not paid until February 12, 2019, which resulted in penalty payments of \$2,525 in 2019.

Multiple copier lease payments were paid late during 2019, which resulted in penalty payments of \$615 in 2019. Additionally, three invoices totaling \$2,135 were each paid twice.

*Criteria*

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana County Auditors of Indiana, Chapter 1)

**James E. McWhirt**  
*Grant County Auditor*  
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FAX: 765-668-6582

## OFFICIAL RESPONSE

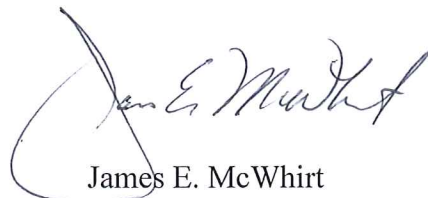
The following is my response to the Audit Results and Comments pertaining to the Grant County Auditor's Office for the audit period January 1, 2019 through December 31, 2019.

### PENALTIES, INTEREST AND OTHER CHARGES

I concur with the comment in that county officials and employees have the duty to perform their duties in a manner that would not result in the taxpayers being charged unnecessary penalties, interest, late fees, and other charges. Further, I understand that such amounts may become the personal obligation of the responsible official or employee.

While the auditor's office is responsible for issuing checks to pay these obligations of the county, the commissioners' office receives the invoices and prepares the claims that initiate the payment of the various leases noted in this audit comment. The auditor's office prepares and issues the checks for payment of such claims after receiving them from the commissioners' office. When the commissioners' office is delinquent in their processing function it is not possible for the auditor's office to issue a check in time to avoid late payment. The auditor's office has made it clear on more than one occasion to the commissioners' office that claims must be prepared and presented for payment to the auditor's office in a timely manner so that unnecessary penalties, interest, late fees, and other charges are not incurred with the emphasis that such charges may become the personal obligation of the responsible official or employee.

The auditor's office will continue to work with the commissioners' office to accomplish the objective of paying Grant County's obligations in a timely manner to prevent such unnecessary charges.



James E. McWhirt  
County Auditor  
Grant County, Indiana  
Friday, September 25, 2020

COUNTY AUDITOR  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2020, with James E. McWhirt, County Auditor; Angela Jarvis, Chief Deputy Auditor; Mark Bardsley, President of the Board of County Commissioners; and Shane Middlesworth, President of the County Council.

COUNTY TREASURER  
GRANT COUNTY

COUNTY TREASURER  
GRANT COUNTY  
AUDIT RESULT AND COMMENT

**BANK ACCOUNT RECONCILIATIONS AND MONTHLY FINANCIAL REPORTS**

The same comment also appeared in prior audit Report B53451, entitled *BANK ACCOUNT RECONCILIATIONS*.

*Condition and Context*

Depository reconciliations of the fund balances to the bank account balances were attempted, but were not considered complete for any month during the audit period because each contained unidentified reconciling items. As of December 31, 2019, the difference between the adjusted bank balance and the County Auditor's Fund Ledger indicated a cash short of \$77,495, which was determined to be immaterial to the financial statement as a whole. The December 31, 2019 bank reconciliation contained various confirmed reconciling items that were dated as old as 2012.

Additionally, the County Treasurer's Monthly Financial Report (Form 47TR) is to be prepared by the 16th day of the following month. After our prior audit exit conference date of August 29, 2019, the remaining reports were prepared timely. However, the reports did not present the same reconciling items as the actual bank account reconciliations contained.

*Criteria*

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. . . .

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month.

This report shall show the amounts with which the treasurer is chargeable for the various funds and accounts, the amounts with which the treasurer is credited for money on deposit, invested and cash on hand, and any long or short at the close of each month. The report also provides space for reconciliation with depositories.

The report shall be prepared in quadruplicate, and each copy shall be verified by certificate of the treasurer. The treasurer shall retain one copy as a public record in the office, and three copies shall be filed with the county auditor. The county auditor shall file the original of said reports with the records of the county board of finance, one copy shall be presented to the board of county commissioners at its next regular meeting, and the county auditor shall immediately transmit one copy to the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 3)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Indiana Code 36-2-10-16(a) states in part: "Before the sixteenth day of each month, the treasurer shall prepare a report showing, as of the close of business on the last day of the preceding month, the following items: . . ."

**Tiffany N. Griffith**  
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**FAX:** 765-651-0692

OFFICIAL RESPONSE

Date: September 22, 2020

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: Official Response to Audit - 2019

Please accept this correspondence as my official response to the Audit Results and Comments included in the audit for the year ending December 31, 2019.

As Treasurer, I concur with the Audit Results and Comments included in this report. I fully accept the responsibilities of my office. We have identified weaknesses and continue to be diligent in finding resolutions within our procedures that are effective and efficient.

Upon discussing the deficiencies with State Board, we are implementing proactive changes within the office to remedy any future issues.

I appreciate the manner in which the filed examiners of the Indiana State Board of Accounts brought such items to our attention. Along with their guidance and support they gave, our office can continue on a path of positive corrective action with effective, efficient, transparent, and accurate results.

I continue to be fully committed to fulfilling the responsibilities of the office of Grant County Treasurer in the prescribed manner.

Thank you,



Tiffany N. Griffith  
Grant County Treasurer

COUNTY TREASURER  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2020, with Tiffany N. Griffith, County Treasurer; Mark Bardsley, President of the Board of County Commissioners; and Shane Middlesworth, President of the County Council.

CLERK OF THE CIRCUIT COURT  
GRANT COUNTY

CLERK OF THE CIRCUIT COURT  
GRANT COUNTY  
AUDIT RESULT AND COMMENT

**TIMELINESS OF RECEIPTS AND DEPOSITS**

*Condition and Context*

The financial records did not properly reflect the activity of the Clerk of the Circuit Court's (Clerk) office. On multiple occasions, the Clerk's office did not receipt nor deposit bonds received from the Grant County Sheriff in a timely manner. On one occasion, the Clerk received a bond check on July 5, 2019, in the amount of \$605 from the County Sheriff. The check was not posted to the Clerk's records, nor deposited until January 8, 2020. On another occasion, the Clerk received a bond check on July 30, 2019, in the amount of \$505. This check was not posted to the Clerk's records, nor deposited until January 21, 2020. As a result, those receipts were not reported in the correct accounting period. Internal controls over recording and reporting of bond receipts were deficient and did not detect or correct these error in a timely manner.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 1)

Indiana Code 5-13-6-1 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 several local boards of finance that have jurisdiction of the funds. . . .

The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d). . . ."

## GRANT COUNTY CIRCUIT COURT CLERK

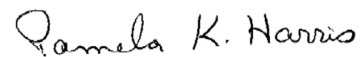
Thursday, September 24, 2020

We will be looking into this concern.

I would like to reach out to the Sheriff's Office and get a list of these and try to figure out why they would have been held on to.

And why the checks were not Posted and Deposited, and/or why they were not placed in the "Find a Bond" folder.

Respectfully,



Pamela Kay Harris

Grant Circuit Court Clerk

CLERK OF THE CIRCUIT COURT  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2020, with Pamela K. Harris, Clerk of the Circuit Court; Mark Bardsley, President of the Board of County Commissioners; and Shane Middlesworth, President of the County Council.

COUNTY SHERIFF  
GRANT COUNTY

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS - SHERIFF INMATE TRUST AND SHERIFF COMMISSARY***

A similar comment also appeared in prior Report B53451, entitled *INTERNAL CONTROLS - INMATE TRUST AND SHERIFF COMMISSARY*.

*Condition and Context*

Internal controls over the recording, reconciling and reporting of the financial transactions of the Sheriff Inmate Trust and Commissary funds were deficient. As a result of the internal control deficiencies, errors remained undetected.

*Cash*

Bank reconciliations were performed monthly by the Matron. One out of two reconciliations tested were reviewed by someone other than the preparer; however, every monthly bank reconciliation for the Inmate Trust and Commissary funds were incorrect during the audit period. Each monthly reconciliation included deposits in transit that had already been deposited in the financial institution and were not deposits in transit. Cash change funds were not accounted for in the bank reconciliations, nor in the Inmate Trust and Sheriff Commissary funds. An old Inmate Trust bank account was closed, and it was not accounted for in the reconciliation, nor in the ledger. Old outstanding checks written from an old Inmate Trust bank account were improperly included on the Inmate Trust reconciliation and should have been remitted to the Indiana Attorney General's Unclaimed Funds. Stale dated checks were included in the reconciliations of Inmate Trust and Commissary and should have been voided after two years.

*Disbursements*

Controls over all disbursements from Inmate Trust and Commissary were designed, implemented, and required two signatures; however, they were ineffective due to the number of errors and condition of records.

*Financial Close and Reporting*

Controls over the Supplemental Annual Financial Report for Sheriff Commissary, Sheriff Inmate Trust, Sheriff Cashbook, and JEAN Team were in place; however, the controls were not effective for the Sheriff Commissary and Sheriff Inmate Trust. The Matron reported bank account transactions using bank statements instead of ledger transactions. The condition of Commissary and Inmate Trust records and lack of maintaining ledger reports contributed to the deficiency.

*Criteria*

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:

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT 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. . . ."

### **CONDITION OF RECORDS**

A similar comment also appeared in prior Report B53451, entitled *CONDITION OF RECORDS - INMATE TRUST AND SHERIFF COMMISSARY*.

#### *Condition and Context*

The County Sheriff's department was unable to provide a detailed ledger of receipts, disbursements, and balances from January 1, 2019 to December 31, 2019, to support the cash balances reported for the Sheriff Inmate Trust and Sheriff Commissary funds. Monthly activity reports were provided; however, the reports were printed before adjustments and/or voided transactions were recorded in subsequent months. During the course of the audit, it was determined that the monthly reports provided for audit were not the most current reports and were inaccurate due to untimely record keeping and backdating transactions within the inmate trust and commissary accounting systems. The transactions were recorded, or corrected, and backdated after the monthly reports were ran, and the new reports were not reprinted nor maintained for audit. It is unclear how many times this occurred throughout the audit period due to transactions being deleted upon "correcting an error." The audit trail for these types of transactions was not maintained for audit.

The County Sheriff's department has an old bank account with a balance of \$6,205 at December 31, 2019, that is not included in the financial records or reported in the Sheriff Inmate Trust or Sheriff Commissary fund cash balances. This bank account includes \$4,066 of old, uncleared checks written to inmates, and \$2,139 of Sheriff Commissary money.

#### *Criteria*

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**SHERIFF INMATE TRUST FUND SOURCES AND USES**

*Condition and Context*

The Sheriff Inmate Trust fund contained money that should not be reported in the Sheriff Inmate Trust fund. The Detainee Balances report provided for audit shows a balance of \$15,599 at December 31, 2019, which reflects monies held in each inmate account. The reconciliation report for December 31, 2019, shows additional amounts totaling \$197,415, that were not inmate monies. These additional amounts included receipts from kiosk fees, Securus phone time, and bulk sales that have been accumulating in the inmate trust financial software ledger for years. These monies should not be retained in the Sheriff Inmate Trust fund, but should be transferred to the Sheriff Commissary fund.

Additionally, Sheriff Commissary online sales are made through a third-party commissary web service, which distributes profits to the County Sheriff's department on a monthly basis. The 2019 profits, totaling \$14,024, were improperly directly deposited into the Sheriff's bank account specifically designated for the Inmate Trust, and then improperly recorded in the Inmate Trust fund. That was an improper source of funds into the Inmate Trust fund. Within the audit period, the Matron disbursed the profits from Inmate Trust to Commissary, and these profits were then a proper source for the Commissary fund.

*Criteria*

Indiana Code 36-8-10-22 states in part:

- "(a) This section applies to any county that operates a county jail.
- (b) The sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate.
- (c) If the inmate or the inmate's legal guardian requests a disbursement from the inmate's trust fund, the sheriff may make a disbursement for the personal benefit of the inmate, including but not limited to a disbursement to the county jail commissary. . . ."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**TIMELY RECORDING**

*Condition and Context*

Inmate Trust receipts tested, totaling \$7,060, were not recorded in a timely manner. The receipts were recorded anywhere from 5 to 30 days prior to receipt, and 9 days after receipt. This can result in inaccurate financial data or an increased risk of errors that may go undetected.

*Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***BANK ACCOUNT RECONCILIATIONS - SHERIFF INMATE TRUST AND SHERIFF COMMISSARY***

A similar comment also appeared in prior Report B53451, entitled *BANK ACCOUNT RECONCILIATIONS - INMATE TRUST AND SHERIFF COMMISSARY*.

*Condition and Context*

The County Sheriff's department performed monthly reconcilements for the Sheriff Inmate Trust and Sheriff Commissary ledgers to their respective depositories; however, the reconcilements included the following errors:

- The Inmate Trust reconciliation did not include all bank account balances. An old checking account was omitted from the reconciliation. During 2017, the County Sheriff changed the accounting software for Inmate Trust. As a result, a new checking account was opened. The old checking account remained open, but was not actively used. At December 31, 2019, the old checking account had a balance of \$6,205. Per a prior audit comment, \$4,066 of the \$6,205 was supposed to have been remitted to the Indiana Attorney General's Unclaimed Funds. As of December 31, 2019, this amount had not been remitted. The remaining funds in this account were supposed to have been transferred to the Commissary fund. As of December 31, 2019, the remaining amount of \$2,139 had not been transferred.
- There were erroneous deposits in transit documented as reconciling items on the Sheriff Inmate Trust and Sheriff Commissary bank reconcilements in the amount of \$4,870 and \$18,439, respectively. Some of the deposit in transit items were proved to be cleared in prior years, and others could not be verified as cleared and remained on the bank reconciliation. Supporting documentation for these items also could not be provided.
- Cash change was not accounted for in the bank reconciliation or the ledger balance for the Sheriff Inmate Trust and Commissary.
- Records documenting the ledger balance for the Sheriff Inmate Trust used in the bank reconciliation were not maintained for audit and could not be reproduced.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***BANK ACCOUNT RECONCILIATIONS - SHERIFF CASH BOOK***

*Condition and Context*

The Sheriff Cashbook Clerk (Clerk) provided the automated software system monthly bank reconciliation for audit; however, the Clerk was unable to provide a financial ledger of receipts, disbursements, and balances from the software system that agreed with the balance used in the reconciliation. A manual cash book abstract was provided for audit; however, the balance of the cash book abstract did not agree with the balance used in the reconciliation.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***ADVANCE PAYMENTS***

*Condition and Context*

The County Sheriff's department provided cash advances from the Sheriff Commissary fund to employees for travel related expenses related to attending training. These advances were provided to employees prior to attending training and prior to employees providing receipts for their expenditures. Advance payments to employees identified totaled \$445.

The County Sheriff's department did not follow the County's Personnel Handbook that outlines travel related expenditures. The County Sheriff's department did not have a commissary travel policy of their own that was approved by the fiscal body; therefore, they should have followed the County's travel policy outlined in the County's Personnel Handbook, which does not give authorization for advanced payments.

*Criteria*

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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)

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CREDIT CARDS**

*Condition and Context*

The County Sheriff's department (Department) used commissary funds to pay for credit cards without having adequate supporting documentation to support the disbursements. We selected six credit card payments for testing, which totaled \$42,855. The Department was able to provide supporting documentation for \$19,035 out of the \$42,855, which left \$23,820 of credit card disbursements unable to be substantiated and included the following:

- Transactions on January 14, February 13, June 10, August 22, and September 12, 2019, in the amounts of \$1,501, \$7,290, \$3,018, \$8,104, and \$3,144, respectively. No credit card statements or receipts were provided for audit.
- A transaction on December 9, 2019, in the amount of \$19,798. Credit card statement and receipts were provided to support \$19,035 of the total disbursement; however, receipts totaling \$763 were not provided for audit. This included purchases from Walmart in the amounts of \$731 and \$9, McDonalds in the amount of \$13, and Dollar Tree in the amount of \$10.

The Department did not follow the current Grant County Policy Authorizing the Issuance and Use of Credit Cards that was adopted by the Grant County Board of County Commissioners on October 2, 2017. The Department does not have their own commissary credit card policy approved by the fiscal body; therefore, the department should have followed the county policy adopted for elected officials and/or employees.

*Criteria*

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use should be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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)

### **SHERIFF COMMISSARY FUND SOURCES AND USES**

#### *Condition and Context*

Sheriff Commissary funds were used to pay for meals for a Thanksgiving luncheon in the amount of \$750. The Thanksgiving luncheon was held on Wednesday, November 27, 2019, in appreciation of the County Sheriff's department employees who were working that day. The luncheon was not provided as part of a working lunch, department training, nor was it approved by the county fiscal body.

#### *Criteria*

Indiana Code 36-8-10-21 states in part:

"(a) This section applies to any county that has a jail commissary that sells merchandise to inmates.

(b) A jail commissary fund is established, referred to in this section as "the fund". The fund is separate from the general fund, and money in the fund does not revert to the general fund.

(c) The sheriff, or the sheriff's designee, shall deposit all money from commissary sales into the fund, which the sheriff or the sheriff's designee shall keep in a depository designated under [IC 5-13-8](#).

(d) 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;

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (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.

Money disbursed from the fund under this subsection must be supplemental or in addition to, rather than a replacement for, regular appropriations made to carry out the purposes listed in subdivisions (1) through (8). . . ."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**SHERIFF COMMISSARY FUND - SEMIANNUAL REPORTING**

*Condition and Context*

The County Sheriff did not semiannually provide a copy of General Form No. 352, General Receipt; General Form 353, General Warrant; and General Form No. 358, Ledger of Receipts, Disbursements and Balances to the county fiscal body as required on July 1 and December 31 of 2019.

*Criteria*

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

"The sheriff shall maintain a record of the fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record. The sheriff shall semiannually provide a copy of this record of receipts and disbursements to the county fiscal body. The semiannual reports are due on July 1 and December 31 of each year."

In order to comply with these provisions use General Form No. 352, General Receipt; General Form 353, General Warrant; and General Form No. 358, Ledger of Receipts, Disbursements and Balances. The commissary fund is held in a separate bank account that must be reconciled monthly. Do not post these transactions to the Sheriff's Cash Book. (The County Bulletin and Uniform Compliance Guidelines, April 2011)

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**SUPPORTING DOCUMENTATION**

A similar comment also appeared in prior Report B53451, entitled *SUPPORTING DOCUMENTATION*.

*Condition and Context*

The County Sheriff's department did not provide sufficient supporting documentation for all receipts and disbursements selected for testing as follows:

- Supporting documentation for 3 out of 20 Commissary receipts selected for testing was not provided for audit. These receipts were for vending machine funds that were deposited, but no documentation was provided, such as a cash count or official receipt to support the deposit.
- Supporting documentation for 5 out of 34 Inmate Trust disbursements selected for testing was not provided for audit. Documentation for 4 additional disbursements was insufficient for determining validity. Inmate Trust disbursements selected for testing were overstated due to the condition of records for six percent of the total disbursements.
- Supporting documentation for 12 out of 19 Commissary disbursements selected for testing was not provided for audit. Commissary disbursements selected for testing were determined to be overstated due to the condition of records for 32 percent of the total disbursements.

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**DEPOSITS - SHERIFF COMMISSARY**

*Condition and Context*

Sheriff Commissary receipts were not deposited in a timely manner. The deposits were made anywhere from 6 to 12 days after receipt.

*Criteria*

Indiana Code 5-13-6-1 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 several local boards of finance that have jurisdiction of the funds. . . .

The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d). . . ."

**PRESCRIBED FORMS**

*Condition and Context*

The County Sheriff's department is maintaining a record of Commissary receipts and disbursements using a software that does not have proper controls to ensure the accuracy of transactions recorded or provide a reliable audit trail. The software has not been prescribed, nor approved by the Indiana State Board of Accounts, for use by the County Sheriff's department. The use of the software resulted in the loss of an audit trail in several instances due to the ability to back date, void, and delete transactions that do not show in the records.

*Criteria*

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**STALE DATED OUTSTANDING CHECKS (WARRANTS)**

*Condition and Context*

The County Sheriff's department had stale dated outstanding checks over two years old from the Sheriff Inmate Trust and Sheriff Commissary in the bank reconcilements as of December 31, 2019, totaling \$36 and \$2,799, respectively. Funds from stale dated Sheriff Inmate Trust checks should be remitted to the Indiana Attorney General's Office Unclaimed Property Division, as required by statute.

*Criteria*

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

COUNTY SHERIFF  
GRANT COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (7) For property held by a state or other government, governmental subdivision or agency, or public corporation or other public authority, one (1) year after the property becomes distributable. . . ."

**SUPPLEMENTAL ANNUAL FINANCIAL REPORT - SHERIFF  
INMATE TRUST AND SHERIFF COMMISSARY**

A similar comment also appeared in prior Report B53451, entitled *CONDITION OF RECORDS - INMATE TRUST AND SHERIFF COMMISSARY*.

*Condition and Context*

The 2019 Supplemental Annual Financial Reports for the Sheriff Inmate Trust and Sheriff Commissary funds did not reflect the activity of the funds. The Supplemental Annual Financial Reports were filed using amounts that reflected the monthly bank statement deposits and charges instead of the receipts and disbursements from the Sheriff Inmate Trust and Sheriff Commissary financial ledgers. Audit adjustments were proposed and approved by management to report the correct amount in the financial statement.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

COUNTY SHERIFF  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2020, with Reggial E. Nevels, Sr., County Sheriff; Sandie Graf, Jail Matron; Tim Holtzleiter, Chief Deputy Sheriff; Mark Bardsley, President of the Board of County Commissioners; and Shane Middlesworth, President of the County Council.

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BOARD OF COUNTY COMMISSIONERS  
GRANT COUNTY

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GRANT COUNTY  
AUDIT RESULT AND COMMENT

**TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Some County personnel, whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the County, had not received training over internal control standards that were adopted by the County.

The County Auditor certified on the Annual Financial Report (AFR) for 2019 that all personnel as defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the County. However, during the engagement, the County Commissioner's office indicated that all personnel had not received training concerning the internal control standards. Therefore, the certification on the AFR for 2019 was incorrect as submitted.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

BOARD OF COUNTY COMMISSIONERS  
GRANT COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2020, with Mark Bardsley, President of the Board of County Commissioners, and Shane Middlesworth, President of the County Council.