

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

SPECIAL COMPLIANCE REPORT

OF

COUNTY SHERIFF

ADAMS COUNTY, INDIANA

January 1, 2021 to December 31, 2022



FILED
07/07/2023

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ADAMS COUNTY, INDIANA

This is a special compliance report for the County Sheriff, Adams County (County), for the period January 1, 2021 to December 31, 2022, 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 Inmate Trust Fund. 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

June 20, 2023

COUNTY SHERIFF
ADAMS COUNTY
RESULTS AND COMMENTS

BACKGROUND

The Adams County Sheriff's Department (County Sheriff) uses a kiosk in the lobby for inmates and their families to deposit funds to the Inmate Trust accounts, including cash. Reports of collections are generated from the kiosks, which should agree to amounts being deposited in the bank. The Sheriff contacted their software vendor regarding the bank reconciliements and unreconciled account items in late November 2021. The software vendor discovered, and reported to the County Sheriff, discrepancies between reports of collections and amounts deposited in the bank.

On December 1, 2021, the Sheriff reported a theft of funds to the Indiana State Police (ISP). On December 10, 2021, the Adams County Prosecutor notified the Indiana State Board of Accounts (SBOA) regarding a shortage in the Inmate Trust, and an investigation being conducted by the ISP.

The SBOA examined records of the County Sheriff's Inmate Trust and the ISP report related to the incident. The results of our investigation are described in the following comments.

COLLECTIONS NOT DEPOSITED

On December 1, 2021, the ISP met with the County Sheriff in reference to a theft complaint regarding the Inmate Trust. An investigation by the ISP was conducted and their report was filed on January 19, 2022.

The ISP report states that on 18 occasions, beginning May 17, 2021, and ending November 1, 2021, the system used to account for the Inmate Trust funds documented that there were discrepancies in the total amounts of "loose currency" (cash and coins) that were collected for the Inmate Trust compared to what was deposited at the bank. As a result, the Inmate Trust fund incurred a loss of \$14,296.92 in inmates' funds as presented below:

Description	System Collected Receipt Amounts	Amount Deposited	Loss
05-17-21	\$ 918	\$ 418	\$ 500
05-21-21	914	414	500
05-28-21	1,325	625	700
06-01-21	2,244	1,244	1,000
06-09-21	997	527	470
06-11-21	2,490	1,990	500
06-14-21	1,691	690	1,001
06-28-21	980	-	980
07-06-21	1,717	1,017	700
07-19-21	2,640	1,790	850
08-06-21	664	-	664
08-17-21	2,770	1,570	1,200
08-20-21	4,872	4,372	500
09-07-21	3,124	2,522	602
09-13-21	1,048	538	510
09-17-21	3,608	2,615	993
10-27-21	1,602	-	1,602
11-01-21	<u>1,116</u>	<u>92</u>	<u>1,024</u>
Totals	<u>\$ 34,722</u>	<u>\$ 20,425</u>	<u>\$ 14,297</u>

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According to the ISP report, during their investigation, James Miller (Miller), former Acting Jail Commander, was deemed the responsible party based upon the evidence; however, he died prior to the completion of the investigation. Therefore, no further action will be taken by the ISP or the County Prosecutor.

The County General fund disbursed \$14,296.92 to the County Sheriff Inmate Trust fund on December 21, 2021, to cover the loss. Subsequently, on December 15, 2022, the County General fund was reimbursed by an insurance claim in the same amount, less a \$500 deductible.

The loss was properly reported to the Indiana State Board of Accounts and the local County Prosecutor as required by Indiana Code 5-11-1-27(l).

We performed tests of records, including verification of reconcilements of the Inmate Trust fund through December 31, 2022, and found no evidence of additional missing funds.

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

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

INTERNAL CONTROLS

Internal controls over the cash and receipts of the financial transactions of the County Sheriff Inmate Trust fund were deficient. As a result of the internal controls deficiencies, errors occurred and remained undetected.

Cash

Bank reconciliations of the County Sheriff Inmate Trust Ledger were performed by Miller, Acting Jail Commander; however, they were not reviewed by someone other than Miller. The electronically performed "Reconciliation Reports" stated in red ink: "Statement not Balanced."

Receipts

Miller along with one other individual were responsible for collecting, receipting, and depositing the inmate trust collections.

There were not any reviews, double counts, or verifications of amounts received per the reports of collections to the amounts deposited.

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:

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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. . . ."

COUNTY SHERIFF
ADAMS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2023, with Daniel L. Mawhorr, County Sheriff; ReJena Bluhm, Accounts Manager; and Alex Will, Jail Commander.