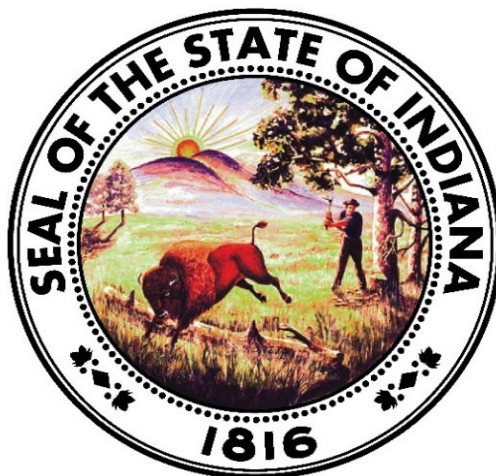


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SPECIAL COMPLIANCE REPORT  
OF

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
DUBOIS COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
07/26/2024



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DUBOIS COUNTY, INDIANA

This is a special compliance report for Dubois County Sheriff's Department (Sheriff's Department), for the period January 1, 2019 to December 31, 2023, and is in addition to any other report for the County as required under Indiana Code 5-11-1. All reports pertaining to Dubois 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 Department, with a concentration on the Jail Commissary 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.

The 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 18, 2024

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
RESULTS AND COMMENTS

**BACKGROUND**

During the regularly scheduled audit of Dubois County (County), field examiners determined there were some purchases from the Jail Commissary fund that did not fall under the County Sheriff's discretionary spending authority set forth at Indiana Code 36-8-10-21. These unallowable expenditures from the fund were approved by County Sheriff, Tom Kleinhelter (Kleinhelter). Indiana State Board of Accounts (SBOA) auditors determined additional procedures were needed to evaluate expenditures from the fund for the duration of Kleinhelter's term beginning January 1, 2019 through December 31, 2023.

As the County Sheriff, Kleinhelter oversaw the Jail Commissary fund established under Indiana Code 36-8-10-21. All monies received from jail commissary sales are to be deposited into the fund's bank account. The statute provides enumerated categories of expenditures that can be spent from the Jail Commissary fund at the Sheriff's discretion. All categories of expenditures within the enumerated list are at the discretion of the Sheriff without the need for further appropriation by the county fiscal body. Per Indiana Code 36-8-10-21(d)(9), other expenditures not specifically listed that benefit the Sheriff's Department must be mutually agreed upon by both the Sheriff and the County fiscal body prior to being disbursed.

The following describes noncompliance with the Indiana Code or the *Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana*.

**PERSONAL TRAVEL AND CONFERENCE EXPENSES PAID USING JAIL COMMISSARY FUNDS**

For the period of January 1, 2019 to December 31, 2023, there were airfare charges for Angie Kleinhelter, wife of Kleinhelter, paid using the Jail Commissary fund either directly to the vendor or as a reimbursement to Kleinhelter. Additionally, a "Spouse or Significant Other Registration" for Angie Kleinhelter's attendance to a National Sheriffs' Association Conference was paid using the Jail Commissary fund.

Travel and Conference Expenses Paid With Jail Commissary Funds				
Travel Expenses for Angie Kleinhelter	Payee	Payment Method	Purchase Date	Purchase Amount
Registration for the National Sheriff's Association Conference in Phoenix, AZ	Vendor	Check 3702	02-26-21	\$ 244.40
Airfare to Panama City, FL for a law enforcement training event	Vendor	Commissary Card 6679	05-02-23	887.40
Reimbursement for airfare to Dubai for the World Police Summit	Sheriff	Check 4083	05-16-23	7,373.65
Reimbursement for airfare to Sandestin, FL for a law enforcement training conference	Vendor	Commissary Card 6679	10-04-23	<u>347.50</u>
Total				<u>\$ 8,852.95</u>

Angie Kleinhelter was not an employee of the County during the period of examination. Thus, the expenditures from the Jail Commissary fund for her travel reimbursements and the conference registration fall outside the Sheriff's discretionary spending authority of Indiana Code 36-8-10-21(d)(1)-(8). Therefore, any expenditure of commissary funds on travel for Angie Kleinhelter must have been for the benefit of the Sheriff's Department and approved by the County fiscal body pursuant to Indiana Code 36-8-10-21(d)(9). The County Sheriff did not request or obtain approval from the County fiscal body.

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
RESULTS AND COMMENTS  
(Continued)

Funds spent from the Jail Commissary fund are required to comply with Indiana Code 36-8-10-21 which states:

"(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;
- (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

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
RESULTS AND COMMENTS  
(Continued)

- (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).

(e) 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."

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)

On June 27, 2024, Kleinhelter reimbursed the Jail Commissary fund with a personal check in the amount of \$16,774.71, of which \$8,852.95 was recompensed for Angie Kleinhelter's personal travel and conference expenses paid with Jail Commissary funds. (See Summary of Charges, page 10)

***GIFTS PURCHASED USING JAIL COMMISSARY FUNDS***

On November 1, 2023, Kleinhelter purchased four Visa \$100 prepaid gift cards and 50 Blackstone 22-inch flat top grills for \$7,921.76. The gift cards and grills were given to employees of the Sheriff's Department.

Purchasing grills and kitchen equipment may be otherwise permissible if the equipment is installed in the jail and used to serve inmates. However, since the expenditures were gift for employees, it does not allow under the discretionary spending provisions in Indiana Code 36-8-10-21(d)(1-8); nor was it approved by the County Council in accordance with Indiana Code 36-8-10-21(d)(9). Following SBOA inquiries to Kleinhelter and an evaluation of County policies, we determined there is no gift policy approved by the Board of County Commissioners which would have allowed this expenditure.

We examined this expenditure from the Jail Commissary fund to determine compliance with Indiana Code 36-8-10-21 which states:

"(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:

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
RESULTS AND COMMENTS  
(Continued)

- (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.

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).

(e) 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."

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)



DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
RESULTS AND COMMENTS  
(Continued)

On June 27, 2024, Kleinhelter reimbursed the Jail Commissary fund with a personal check in the amount of \$16,774.71, of which \$7,921.76 was recompensed for gifts purchased using Jail Commissary funds. (See Summary of Charges, page 10)

**INTERNAL CONTROL DEFICIENCIES**

During our examination, we determined there were deficiencies in internal controls which contributed to the wrongful disbursements of the Jail Commissary fund.

Per Indiana Code 36-8-10-21(e), 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 records are required to be submitted to the County's fiscal body on July 1 and December 31 each year.

During the period of the examination, the County Sheriff regularly provided ledger records relating to commissary fund disbursements to the County's fiscal body. However, the County Sheriff did not obtain approval from the County fiscal body for any expenditure that was outside of his discretionary spending authority prior to the disbursement of commissary funds as required by Indiana Code 36-8-10-21(d)(9). It does not appear that the County fiscal body ever made additional requests for information or documentation from the County Sheriff after receiving the ledgers that were submitted during the period of examination.

However, after the conclusion of the examination period but prior to the issuance of this report, the County Council voted to establish a three-member committee to review the County Sheriff's commissary expenditures, per minutes of the County Council's meeting dated January 29, 2024.

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 examination 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. . . ."

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
JAIL COMMISSARY  
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2024, with Tom Kleinhalter, County Sheriff; Jesus Monarrez, Chief Deputy of the Sheriff's Department; Chad Blessinger, President of the Board of County Commissioners; Serice Steffenagel, Commissioner; Micheal Kluesner, President of the County Council; Sonya Haas, Council member; Doug Uebelhor, Council member; Ryan Craig, Council member; Merideth Voegerl, Council member; Daryl Schmitt, Council member; and Sandy Morton, County Auditor.



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July 23, 2024

**VIA: Electronic Mail**  
**JDonoho@sboafe.IN.gov**

Mr. James Donoho  
State Board of Accounts

**RE: State Board of Account's Special Investigation  
Report Received July 22, 2024**

Mr. Donoho:

The County takes exception, disagrees with, and is disappointed in the expenditures made from the jail commissary fund as outlined in the State Board of Account's special investigation report provided to the County on July 22, 2024. The County would like to address and clarify recent statements regarding the interaction between the county fiscal body and the Sheriff's office.

In 2023, there were multiple verbal requests from the council president aimed at increasing transparency and obtaining more detailed insights into the ledgers. In furtherance of facilitating transparency, the council established a committee specifically tasked with reviewing the ledgers and overseeing the commissary fund.

It is important to note that the commissary fund, as outlined under IC 36-8-10-21, is managed by the Sheriff and can be spent at the Sheriff's discretion, provided expenditures fall within the enumerated categories specified by the statute. The creation of the committee underscores the County's commitment to ensuring this fund is managed transparently and in accordance with Indiana law.

Since the formation of the committee, the Sheriff's office has been compliant with the council and the committee's requests, providing requested documentation and supporting the review process.

The County remains dedicated to maintaining the highest standards of transparency and accountability in managing the commissary fund and all other financial matters. Dubois County's officials continue to promote and provide transparency of its records, revenues and expenditures and are optimistic and certain that its officials and employees will continue to work harmoniously for the betterment of the County and its citizens.

Respectfully,

A handwritten signature in blue ink, appearing to read "Gregory S. Schnarr".

Gregory S. Schnarr  
Dubois County Attorney

cc: Dubois County Council  
Dubois County Board of Commissioners  
Dubois County Auditor

DUBOIS COUNTY SHERIFF'S DEPARTMENT  
 JAIL COMMISSARY  
 SUMMARY OF CHARGES  
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Tom Kleinhelter, County Sheriff:			
Personal Travel and Conference Expenses Paid Using			
Jail Commissary Funds, pages 3 through 5	\$ 8,852.95	\$ 8,852.95	\$ -
Gifts Purchased Using Jail Commissary Funds, pages 5 through 7	<u>7,921.76</u>	<u>7,921.76</u>	<u>-</u>
Totals	<u>\$ 16,774.71</u>	<u>\$ 16,774.71</u>	<u>\$ -</u>

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