

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

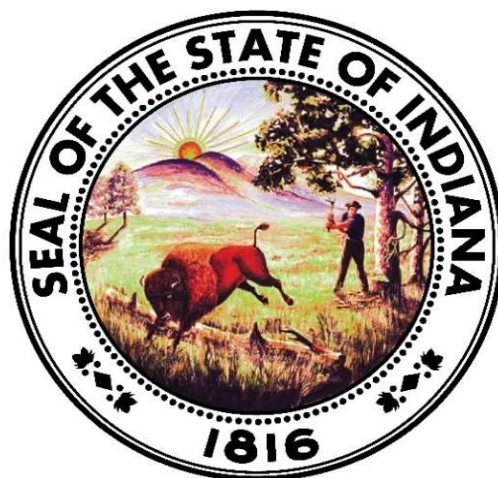
SPECIAL INVESTIGATION REPORT

OF

COUNTY SHERIFF

STARKE COUNTY, INDIANA

January 1, 2019 to May 31, 2023



FILED
07/26/2024

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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TO: THE OFFICIALS OF THE COUNTY SHERIFF, STARKE COUNTY, INDIANA

This is a special investigation report for the County Sheriff, Starke County (County), for the period January 1, 2019 to May 31, 2023, and is in addition to any other report for the County, including the County Sheriff, as required under Indiana Code 5-11-1. All reports pertaining to the County, including the County Sheriff, 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 Commissary fund, and expenses submitted to the County Auditor for payment by the County Auditor for the County Sheriff's Department. We reviewed commissary bank statements, credit card statements, disbursements for travel, documentation for fundraising activities, compensation for certain employees, and invoices for automotive repairs. 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

February 29, 2024

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS

BACKGROUND

Pamela McDonald (McDonald) served as the Jail Matron (Matron) for the County Sheriff's Department from May 14, 2018, until May 8, 2023, when she was terminated. McDonald's responsibilities included reconciling the bank accounts to the ledgers for the Commissary, Inmate Trust, and funds received and disbursed for service of tax warrants by the County Sheriff. McDonald maintained the records for the Commissary fund. This included posting all receipts and disbursements to the Commissary fund ledger. McDonald also received invoices from vendors for payment with the County Sheriff's Department funds. McDonald would determine if the vendor would be paid from one of the County Sheriff's Department funds held and managed by the County Auditor, or if the vendor was to be paid from the Commissary fund managed by McDonald with oversight by the County Sheriff.

The Indiana State Board of Accounts received a complaint regarding misuse of commissary funds in February of 2023. The Indiana State Board of Accounts performed an investigation of the County Sheriff for the period of January 1, 2019 to May 31, 2023, as per Indiana Code § 5-11-1-9(a). The results of our investigation are described in the following comments.

UNAUTHORIZED DISBURSEMENTS - AMAZON

The County Sheriff's Department had an Amazon Account which was separate from the County's Amazon Account. The County Sheriff also had an Amazon Credit Account associated with purchases made on the County Sheriff's Department's Amazon Account. The Amazon Credit Account was through Synchrony Bank (Synchrony Credit Account), and worked like a credit card. As purchases were made on the County Sheriff's Department's Amazon Account, the purchaser could pay for the purchase or charge it to the County Sheriff's Office Synchrony Credit Account. Based upon interviews, it is unknown who or how these accounts were established. The Synchrony Credit Account statements were mailed to the County Sheriff's Office: "ATTN: PAM MCDONALD." McDonald could also access order histories from the Amazon Account.

Per an interview with McDonald, items could be ordered from Amazon by one of three individuals, including McDonald. The items ordered, once delivered, would be charged to the linked Synchrony Credit Account. Every month, McDonald received Synchrony Credit Account statements from Synchrony by mail. The Synchrony Credit Account statements detailed purchases by date, including a reference to a person or department. Also included was a listing of all the invoices for each purchase.

McDonald decided whether to pay for the items charged to the Synchrony Credit Account with Commissary funds or to submit all or some of the purchases charged to the Synchrony Credit Account to the County Auditor for payment from the County Sheriff's Department funds maintained by the County Auditor. For purchases McDonald decided to have the County Auditor pay, McDonald prepared an accounts payable voucher, listing the invoices to be paid. McDonald would cut out the copies of invoice(s) attached to the Synchrony Credit Account statements and attach those cut-out invoice(s) to the accounts payable voucher to submit to the County Auditor. The original vendor invoices were not provided to the County Auditor. The complete unedited Synchrony Credit Account statements were not provided to the County Auditor.

McDonald stated in an email on March 22, 2023: "The statements come with all things ordered from each department so I cut them apart to claim for the fund number that they should come from." Below is an example of an Accounts Payable Voucher submitted to the County Auditor for payment.

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

Prescribed by State Board of Accounts

County Form No. 17 (Rev. 1996)

ACCOUNTS PAYABLE VOUCHER

STARKE COUNTY, INDIANA

An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.

VENDOR # 012155 SYNCB/AMAZON	Purchase Order No. _____
PO BOX 530958	Terms _____
ATLANTA, GA 30353-0958	Date Due _____

Invoice Date	Invoice Number	Description (or note attached invoice(s) or bill(s))	Amount
11/21/2022	6988	SEE ATTACHED INVOICE	\$ 69.95
		SEE ATTACHED INVOICE	
		SEE ATTACHED INVOICE	
		1156	
Total			\$ 69.95

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received except

January 17, 2023 *Jack Rosa* SHERIFF
Signature Title

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-2.

1/24/23 *Bachel Oesterreich*
County Auditor

Approved by State Board of Accounts for Starke County, 2005

CUT ON DOTTED LINE

DEPARTMENT COPY		P.O. Number
Payee	SYNCB/AMAZON	Terms
	PO BOX 530958	Date Due
	ATLANTA, GA 30353-0958	

Invoice Date	Invoice Number	Description (or note attached invoice(s) or bill(s))	Amount
11/21/2022	6988	SEE ATTACHED INVOICE	\$69.95
		SEE ATTACHED INVOICE	
		SEE ATTACHED INVOICE	
		1156	
1/17/2023			\$203.01

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

VOUCHER NO. _____ WARRANT NO. 78990

SYNCR/AMAZON

ALLOWED _____ 20__

PO BOX 530958

IN THE SUM OF 69.95

ATLANTA, GA 30353-0958

\$69.95

Board of County Commissioners

**ON ACCOUNT OF APPROPRIATION
FOR
1156**

COST DISTRIBUTION LEDGER CLASSIFICATION
IF CLAIM IS PAID MOTOR VEHICLE HIGHWAY FUND

ACCT NO	Account Title	Amount	

PAID
FEB 06 2023
Rachel Osterreich
AUDITOR, STARKE COUNTY

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)



Account: 60457 8781 063338 4 Statement Date: 12/10/22 Page: 5 of 6

AMAZON PO BOX 530958 ATLANTA, GA 30353-0958					
STARKE COUNTY SHERIFFS OF			Date of Sale: 11/21/22		
Account : 8781 063338 4			Invoice: 539747636988		
Location: 0003			P.O. : PAM		
S.K.U.	DESCRIPTION	QUANTITY	UNIT	PRICE	EXT. PRICE
B09QCB66B4	Bluegun - Firearm Training Sim	1.000	EA	69.9500	69.95
Subtotal: 69.95		Tax: 0.00		Balance Due: 69.95	

On November 20, 2022, McDonald placed an order with Amazon for three items that were delivered to McDonald's personal residence. The three items, including shipping and tax, were included as charges to the County Sheriff's Synchrony Credit Account.

Summary - Items Ordered by McDonald

Description of Goods	Amount
POWERSTONE Gaming Recliner Massage Chair	\$ 269.99
NapQueen 8 Inch Victoria Hybrid Full Size Mattress	188.60
IKIFLY Moderna Full Size LED Bed Frame	129.99
Shipping and Tax	69.99
 Total	 \$ 658.57

McDonald stated in an interview on March 13, 2023, that she accidentally ordered a bed and bed frame from Amazon that was shipped to her home address using the County Sheriff's Amazon Account and charged to the Synchrony Credit Account. McDonald further stated that she notified Rachel Oesterreich (Oesterreich), County Auditor, via email on January 4, 2023.

McDonald clarified in a follow-up interview on May 4, 2023, that she paid for the items shipped to her home address with her own funds and let Oesterreich know, so Oesterreich would not pay for the items with County funds.

The SBOA subpoenaed all of the County Sheriff's Synchrony Credit Account statements. All payments posted to the County Sheriff's Synchrony Credit Account were traced to records of payments made by the County Auditor or the Commissary Account. The SBOA did not find any payments made by McDonald.

COUNTY SHERIFF
STARKE 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, Chapter 1).

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, Chapter 1).

We request that McDonald reimburse the County Sheriff's Department's Commissary fund for unauthorized disbursements in the amount of \$658.57. (See Summary of Charges, page 31)

UNAUTHORIZED DISBURSEMENTS - PAYPAL

The County Sheriff used Sideline Automotive LLC for the maintenance and repair of the County Sheriff vehicles in 2022 and 2023. Invoices for repairs were sent from Sideline Automotive LLC to McDonald for payment. McDonald decided whether to pay the invoice from the Commissary fund or submit the invoice to the County Auditor to pay from the County Sheriff's Department funds maintained by the County Auditor. McDonald submitted 75 Sideline Automotive LLC invoices dated from August 15, 2022 through May 15, 2023, totaling \$33,641.05, to the County Auditor for payment from the County Sheriff's Department funds.

There were 17 disbursements to Sideline Automotive LLC recorded on the Commissary ledger totaling \$18,412.70; however, all 17 of the original vendor invoices from Sideline Automotive LLC had also been submitted by McDonald to the County Auditor for payment. All of these 17 original Sideline Automotive LLC invoices were paid by the County Auditor from the County Sheriff funds maintained by the County Auditor.

For the 17 disbursements recorded by McDonald in the Commissary ledger as payments to Sideline Automotive LLC, only 2 of those agreed to amounts per the original invoices from Sideline Automotive LLC, paid by the County Auditor. There were 10 of the Sideline Automotive LLC invoices provided by McDonald to support the amounts recorded by McDonald in the Commissary fund that were altered. Nondescriptive handwritten amounts were added to the Sideline Automotive LLC invoices retained and provided as supporting documentation for the Commissary fund disbursements to bring the invoiced amounts into agreement with the amounts recorded by McDonald in the Commissary fund. The remaining 5 disbursements recorded by McDonald in the Commissary ledger as payments to Sideline Automotive LLC did not agree to the invoice amount as provided for supporting documentation.

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)



Sideline Automotive LLC
5404 E 250 S
Knox, IN 46534
Phone: (574) 249-5537
Sidelineautomotive11c@gmail.com

Starke County Sheriff's Office
Pamela McDonald
IN
+1 (574) 772-7331
pmdonald@co.starke.in.us

VIN: 1FMSK8AR4GGA04416
Vehicle: 2016 Ford Police
Interceptor Utility
3.7L, V6, Gas, Asp N,
VIN R, Des 99R, USA
License: 5201
Fleet No.: Robo
Odometer:
Customer
Notes:

Invoice: 000079
Created: 12/18/2022 10:56 PM
Printed: 12/19/2022 8:35 AM
Technician(s): Joseph Gardner
Written by: Service Advisor 1

Tire Pressure Monitoring Sensor R&R

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	(New)	Tire Sensor	3.00	\$ 49.99	\$ 149.97
2	Labor	Tire Pressure Monitoring Sensor R&R	Tire IPressure Monitoring Sensor R&R - Three			\$ 80.00
3	Labor		Tire sensor Relearn			\$ 59.99
Job Total:						\$ 289.96

HVAC Mode Door Actuator

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	(New)	Mode Door Actuator	1.00	\$ 21.99	\$ 21.99
2	Labor		HVAC Mode Door Actuator R&R			\$ 160.00
Job Total:						\$ 181.99

EVAP Purge Control Solenoid R&R

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	(New)	Purge Solenoid	1.00	\$ 33.78	\$ 33.78
2	Labor	EVAP Purge Control Solenoid R&R	EVAP Purge Control Solenoid R&R			\$ 40.00
Job Total:						\$ 73.78

Cabin Air Filter R&R

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	AE9Z-19N619-A (New)	Cabin Air Filter - Base	1.00	\$ 19.99	\$ 19.99
2	Labor	Cabin Air Filter R&R	Cabin Air Filter R&R			\$ 40.00
Job Total:						\$ 59.99

Total Jobs Cost: \$ 605.72

Parts	\$ 225.73
Labor	\$ 379.99
Tax	\$ 0.00
Shop Supplies & Hazardous Materials	\$ 6.00
Grand Total	\$ 611.72
Balance Due	\$ 611.72

+18.04
629.76

I have received the above goods and/or services. If this is a credit card purchase, I agree to pay and comply with my cardholder agreement with the issuer.

A finance charge of 1.5%/mo (18% annual rate) will be charged on all past due accounts. All parts are new unless otherwise specified. Re-check torque after the first 50 to 100 miles of service.

Signature: _____

Date: _____

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

The original invoice pictured below was paid to Sideline Automotive LLC by the County Auditor for the correct amount of \$611.71. (Original invoice number 79 below that was obtained from the County Auditors records.)



Sideline Automotive LLC
5404 E 250 S
Knox, IN 46534
Phone: (574) 249-5537
Sidelineautomotive11c@gmail.com

Starke County Sheriff's Office
Pamela McDonald
IN
+1 (574) 772-7331
pmdonald@co.starke.in.us

VIN: 1FM5K8AR4GGA04416
Vehicle: 2016 Ford Police
Interceptor Utility
3.7L, V6, Gas, Asp N,
VIN R, Des 99R, USA
License: 5201
Fleet No.: Robo
Odometer:
Customer
Notes:

Invoice: 000079
Created: 12/18/2022 10:56 PM
Printed: 12/19/2022 8:35 AM
Technician(s): Joseph Gardner
Written by: Service Advisor 1

Tire Pressure Monitoring Sensor R&R

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	(New)	Tire Sensor	3.00	\$ 49.99	\$ 149.97
2	Labor	Tire Pressure Monitoring Sensor R&R	Tire iPressure Monitoring Sensor R&R - Three			\$ 80.00
3	Labor		Tire sensor Relearn			\$ 59.99
Job Total:						\$ 289.96

HVAC Mode Door Actuator

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	(New)	Mode Door Actuator	1.00	\$ 21.99	\$ 21.99
2	Labor		HVAC Mode Door Actuator R&R			\$ 160.00
Job Total:						\$ 181.99

EVAP Purge Control Solenoid R&R

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	(New)	Purge Solenoid	1.00	\$ 33.78	\$ 33.78
2	Labor	EVAP Purge Control Solenoid R&R	EVAP Purge Control Solenoid R&R			\$ 40.00
Job Total:						\$ 73.78

Cabin Air Filter R&R

Number	Type	Part#/Op Code	Description	Quantity	Unit Price	Total Cost
1	Part	AE9Z-19N619-A (New)	Cabin Air Filter - Base	1.00	\$ 19.99	\$ 19.99
2	Labor	Cabin Air Filter R&R	Cabin Air Filter R&R			\$ 40.00
Job Total:						\$ 59.99

Total Jobs Cost: \$ 605.72

Parts \$ 225.73

Labor \$ 379.99

Tax \$ 0.00

Shop Supplies & Hazardous Materials \$ 6.00

Grand Total \$ 611.72

Balance Due \$ 611.72

I have received the above goods and/or services. If this is a credit card purchase, I agree to pay and comply with my cardholder agreement with the issuer.

A finance charge of 1.5%/mo (18% annual rate) will be charged on all past due accounts. All parts are new unless otherwise specified. Re-check torque after the first 50 to 100 miles of service.

Signature: _____ Date: _____

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

Overall, the 17 payments recorded by McDonald as disbursements from the Commissary fund to Sideline Automotive LLC were recorded to camouflage the transfers McDonald made from the Commissary Bank account to McDonald's PayPal account, an electronic payment application. In total, there were 19 bank withdrawals totaling \$20,621.85 recorded on the bank statements. Each of these 19 bank withdrawals were transfers by McDonald to her PayPal account; however, not all of the transfers to McDonald's PayPal account were recorded in the Commissary ledger. A comparison of the withdrawals from the Commissary bank account to the disbursements recorded as payments to Sideline Automotive LLC (Sideline Auto), or not recorded at all, follows. In addition to recording the cash withdrawals to McDonald's PayPal account as payments to Sideline Auto, cash withdrawals to McDonald's PayPal account exceeded disbursements posted to the Commissary fund by \$2,209.15.

Comparative of Bank Withdrawals to Disbursements Posted to the Commissary Ledger

Withdrawals per the Commissary Bank Statements			Posted to the Commissary Ledger			Withdrawals Over (Under) Posted Disbursements
Date Cleared	Vendor	Amount	Date Posted	Vendor	Amount	
01-04-23	PAYPAL *PMCDONAL	\$ 1,272.06	01-04-23	SIDELINE AUTO	\$ 1,272.06	\$ -
01-05-23	PAYPAL *PMCDONAL	1,258.77	01-04-23	SIDELINE AUTO	1,258.77	-
01-12-23	PAYPAL *PMCDONAL	903.72	01-12-23	SIDELINE AUTO	903.72	-
01-26-23	PAYPAL *PMCDONAL	620.71	01-26-23	SIDELINE AUTO	620.71	-
02-02-23	PAYPAL *PMCDONAL	629.76	01-30-23	SIDELINE AUTO	629.76	-
01-30-23	PAYPAL *PMCDONAL	1,028.60	01-30-23	SIDELINE AUTO	1,028.60	-
02-03-23	PAYPAL *PMCDONAL	651.65	02-03-23	SIDELINE AUTO	651.65	-
02-06-23	PAYPAL *PMCDONAL	629.35	02-04-23	SIDELINE AUTO	629.35	-
02-08-23	PAYPAL *PMCDONAL	1,001.96	02-08-23	SIDELINE AUTO	1,001.96	-
03-01-23	PAYPAL *PMCDONAL	1,292.13	02-28-23	SIDELINE AUTO	1,292.13	-
03-06-23	PAYPAL *PMCDONAL	1,672.05	03-06-23	SIDELINE AUTO	1,672.05	-
03-20-23	PAYPAL *PMCDONAL	1,066.33	03-20-23	SIDELINE AUTO	1,066.33	-
03-27-23	PAYPAL *PMCDONAL	1,293.13	03-27-23	SIDELINE AUTO	1,293.13	-
03-28-23	PAYPAL *PMCDONAL	1,490.38	03-28-23	SIDELINE AUTO	1,490.38	-
04-21-23	PAYPAL *PMCDONAL	1,050.84	04-21-23	SIDELINE AUTO	1,050.23	0.61
04-03-23	PAYPAL *PMCDONAL	842.18			-	842.18
04-05-23	PAYPAL *PMCDONAL	1,291.65			-	1,291.65
04-17-23	PAYPAL *PMCDONAL	1,594.75			-	1,594.75
05-01-23	PAYPAL *PMCDONAL	1,031.83			-	1,031.83
		-	05-03-23	SIDELINE AUTO	1,002.46	(1,002.46)
		-	05-03-23	SIDELINE AUTO	1,549.41	(1,549.41)
Totals		<u>\$ 20,621.85</u>			<u>\$ 18,412.70</u>	<u>\$ 2,209.15</u>

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

Based on interviews and statements provided by the owners of Sideline Automotive LLC, the company does not accept payments through PayPal for any services they provide. The owners of Sideline Automotive LLC stated they did receive ACH payments directly from the County Auditor for the services rendered on the County Sheriff's Department's vehicles. Furthermore, the owners of Sideline Automotive LLC stated that the company did receive a payment via check from the County Auditor before setting up an account to accept ACH's directly from the County.

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.

...

(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

COUNTY SHERIFF
STARKE COUNTY
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). . . ."

On April 18, 2016, the Starke County Council authorized the County Sheriff to spend commissary funds on the following items:

1. Haircuts for Indigent Inmates and Trustees.
2. Reimbursement for Lost or Damaged Inmate Property (Including Money).
3. Reimbursement for Expenses of Inmates in Transit.
4. Postage for Indigent Inmates (Including Paper, Envelopes, and Writing Utensils).
5. Shipping Costs Regarding Department Equipment or Evidence.
6. Reimbursement for Damaged Employee Property.
7. Supplies or Equipment to Promote Educational Activities for Inmates.
8. Reimbursements for Investigation Expenses.
9. Expenses for Advertising Community Events that Promote the Sheriff's Department.
10. Supplies or Equipment to Promote Public Relations with the Sheriff's Department.
11. Matching Funds for Grants.
12. Advertising for Job Applicants.
13. Expenses for Installation and Service of Sheriff's Department Equipment.
14. Expenses for Contracting with Professional Consultants.
15. Expenses for Hiring Temporary Employees.
16. Expenses Associated with Rental of Specialized Equipment.
17. Expenses Associated with Rewarding Inmates and Employees.
18. Expenses Associated with Special Events for Inmates.
19. Expenses Regarding Special Details and Investigations.
20. Expenses Associated with Hosting Training Events.
21. Expenses Associated with Hygiene for Indigent Inmates.
22. Expenses Associated with Merit Board.

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, Chapter 1).

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, Chapter 1).

We request McDonald to reimburse the County Sheriff's Commissary fund \$20,621.85 for money electronically transferred by McDonald from the Commissary bank account to McDonald's PayPal account. (See Summary of Charges, page 31)

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

UNAUTHORIZED TRAVEL DISBURSEMENTS

The County Sheriff's Commissary funds were used to pay for certain individuals' conference registrations who were not employees of the County. Conference registrations totaling \$675 for the 2022 Indiana Sheriff's Association (ISA) Conference in French Lick, Indiana, held from August 8, 2022 to August 11, 2022, in the amount of \$225 each, were paid for Misti Dulin, wife of former County Sheriff William Dulin (Dulin); Matt Noonan, husband of Stacey Noonan, current 911 Dispatcher; and Dana Caudill, wife of Nathan Caudill, current Jail Warden.

Registrations totaling \$488.80 were also paid for Misti Dulin and Dana Caudill for the 2022 National Sheriffs' Association (NSA) conference in Kansas City, Missouri, held from June 27, 2022 to June 30, 2022, in the amount of \$244.40 each.

A hotel invoice for Chad Dulin, brother of former County Sheriff Dulin, totaling \$642.51, was paid from the Commissary funds for the NSA conference. Per an interview on June 13, 2023, with Jack Hudgens (Hudgens), Chief Deputy County Sheriff, Hudgens stated that Chad Dulin is classified as a part-time employee but has not worked for the County Sheriff's Department in over 8 years.

We reviewed payroll records for the year 2022 to validate that none of these individuals were employees of the County.

There was not any documentation provided evidencing approval of the payments.

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.

...

(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;

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- (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). . . ."

On April 18, 2016, the County Council authorized the County Sheriff to spend commissary funds on the following items:

1. Haircuts for Indigent Inmates and Trustees.
2. Reimbursement for Lost or Damaged Inmate Property (Including Money).
3. Reimbursement for Expenses of Inmates in Transit.
4. Postage for Indigent Inmates (Including Paper, Envelopes, and Writing Utensils).
5. Shipping Costs Regarding Department Equipment or Evidence.
6. Reimbursement for Damaged Employee Property.
7. Supplies or Equipment to Promote Educational Activities for Inmates.
8. Reimbursements for Investigation Expenses.
9. Expenses for Advertising Community Events that Promote the Sheriff's Department.
10. Supplies or Equipment to Promote Public Relations with the Sheriff's Department.
11. Matching Funds for Grants.
12. Advertising for Job Applicants.
13. Expenses for Installation and Service of Sheriff's Department Equipment.
14. Expenses for Contracting with Professional Consultants.
15. Expenses for Hiring Temporary Employees.
16. Expenses Associated with Rental of Specialized Equipment.
17. Expenses Associated with Rewarding Inmates and Employees.
18. Expenses Associated with Special Events for Inmates.
19. Expenses Regarding Special Details and Investigations.
20. Expenses Associated with Hosting Training Events.
21. Expenses Associated with Hygiene for Indigent Inmates.
22. Expenses Associated with Merit Board.

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)

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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, Chapter 1).

We request reimbursement to the Commissary fund of unauthorized travel for spouses and children as follows:

Jointly and Severally	Amount
Misti Dulin and William Dulin	\$ 469.40
Matt Noonan and William Dulin	225.00
Dana Caudill and William Dulin	469.40
Chad Dulin and William Dulin	642.51
Total Request for Reimbursement	\$ 1,806.31

(See Summary of Charges, page 31)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs in the amount of \$40,750.67 due to the special investigation of the County Sheriff.

Due to the lack of internal controls, including segregation of duties, review and oversight, and monitoring over the receipts and disbursements, and the activities involving the County Sheriff's Commissary funds, this was an extensive and labor-intensive investigation. The investigation also showed lack of oversight and monitoring of invoices and preparation of accounts payable vouchers submitted by McDonald for payment by the County Auditor, from County Sheriff's funds maintained by the County Auditor, and Commissary funds.

The investigation involved not only reviewing receipt and disbursement of funds from the County Sheriff's Commissary fund which were maintained by McDonald, but also receipts and disbursements from the County Sheriff's funds and accounts maintained by the County Auditor.

When we found that payments were made by McDonald and the County Auditor from the Commissary fund, the County Sheriff's funds, and accounts maintained by the County Auditor for Amazon purchases and repair work from Sideline Automotive LLC, resulting in overpayments and duplicate payments, we had to validate if these and other payments made were for appropriate and valid County and Sheriff's Department purchases.

The investigation involved review and comparison of Commissary fund receipts and disbursements to the bank activity for the Commissary fund, as bank withdrawals were made from the Commissary fund bank account to McDonald's PayPal account.

Indiana Code 5-11-1-27(m) states:

"(m) If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

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- (1) costs incurred by the state board of accounts; and
- (2) all costs and reasonable attorney's fees incurred by the attorney general; in connection with the civil proceedings."

Audit costs incurred because of poor records, nonexistent records, or any other inadequate book-keeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee.

Any audit costs paid without the prior approval of the SBOA when the SBOA has the statutory requirement to perform the audit of the unit may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

We request McDonald and the County reimburse the State of Indiana for special investigation costs in the amount of \$21,275.33 and \$19,475.33, respectively. (See Summary of Charges, page 31)

BOND AND INSURANCE COVERAGE

Insurance Coverage

The County obtained the following employee theft and funds transfer fraud coverage insurance policies:

Insurance Coverage		
Type	Period	Amount
Employee Theft Coverage	01-19-22 to 01-19-23	\$ 300,000
Funds Transfer Fraud Coverage	01-19-22 to 01-19-23	100,000
Employee Theft Coverage	01-19-23 to 01-19-24	300,000
Funds Transfer Fraud Coverage	01-19-23 to 01-19-24	100,000

Bond Coverage

The County obtained the following public employee blanket bond coverage.

Bond Coverage		
Type	Period	Amount
Faithful Performance Blanket Position Coverage	01-01-22 to 12-31-22	\$ 50,000
Faithful Performance Blanket Position Coverage	01-01-23 to 12-31-23	50,000

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DUPLICATE PAYMENTS

McDonald determined which invoices to submit to the County Auditor for payment from County maintained funds. McDonald also determined which invoices to pay from the Commissary fund and Commissary bank account. McDonald was responsible for providing invoices to the County Auditor for payment. McDonald was also responsible for maintaining invoices and documentation to support disbursements from the Commissary fund and Commissary bank account.

Our investigation showed overpayments and/or duplicate payments were being made to the County Sheriff's Synchrony Credit Account.

- McDonald was providing the same invoices to the County Auditor to pay from County Sheriff's funds that McDonald also paid from the Commissary fund and bank account.
- McDonald submitted the same invoices twice to the County Auditor for payment from the County Sheriff's funds, and the County Auditor paid them twice.
- County employees making purchases on the County's Amazon Account could charge the purchases to Amazon Capital Services, which was a separate credit account from the County Sheriff's Synchrony Charge Account; however, the County Auditor made payments to the County Sheriff's Synchrony Charge Account instead of the Amazon Capital Services Charge Account.
- McDonald made payments on the County Sheriff's Synchrony Credit Account from the Commissary fund and bank account that were not supported by invoices.
- McDonald paid for items purchased from Amazon directly using the Commissary's bank account debit card. McDonald also submitted Commissary bank account checks to the County Sheriff's Synchrony Credit Account for the same items purchased and paid directly with Commissary funds.

Summary

The following is a summary of the overpayments and/or duplicate payments applied to the County Sheriff's Synchrony Credit Account:

Description	Amount
Invoices Paid from Commissary and County Auditor Maintained Funds	\$ 832.82
Payments from County Auditor for Items not Charged to Synchrony	1,391.60
Duplicate Payments Made by County Auditor	892.12
Payments from Commissary not Supported by Invoices	137.10
Payments from Commissary for Items not Charged to Synchrony	1,201.73
Other Over and Under Payments to Synchrony	67.23
Total Duplicate and Overpayments	\$ 4,522.60

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Invoices Paid from Accumulated Overpayments and Refunds

No refunds were given to the County Auditor or to the County Sheriff for reimbursement to the Commissary fund for what should have been overpayments on the Synchrony Credit Account as no overpayments were noted on the Synchrony Credit Account statement.

Overpayments and/or duplicate payments were used to purchase the following items from Amazon (including refunds and credits). All items were included as charges to the County Sheriff's Synchrony Credit Account but were not recorded as being paid by either the County Auditor or McDonald. Neither Commissary funds nor personal funds were used for payment on the items listed below. The items in **BOLD** are the items McDonald purchased that were delivered to her home address for personal use.

Unpaid Items Charged to Synchrony

<u>Date of Sale</u>	<u>Invoice Number</u>	<u>Description of Goods</u>	<u>Amount</u>
01-07-21	468667349359	Variable Speed Saw	\$ 115.52
01-07-21	468667349359	Saw Blades	12.98
01-08-21	454834978784	Pepper Balls	162.99
01-08-21	454834978784	Shipping	7.31
01-13-21	446956997946	Buckerts	27.98
01-13-21	456977335733	Potato Seeds	14.99
01-13-21	456977335733	Shipping	1.99
01-13-21	459554375877	Book on Woodworking	16.99
01-13-21	459554375877	Book on Woodworking	9.95
01-20-21	444479787934	Fertilizer	49.00
01-20-21	444479787934	Fertilizer	63.59
01-26-21	467436464368	Refund	(9.49)
01-29-21	443753543897	Webcam	50.14
01-29-21	467693543893	Face Masks	26.90
02-12-21	957389997838	Refund	(291.98)
10-22-21	684743687644	Alternate Tender	(1.70)
10-28-21	447894486596	Light Fixture	28.99
01-28-22	435386549655	Headsets	706.80
01-28-22	435386549655	Lithium Ion Battersies	443.88
03-19-22	456966793986	Light Switch	3.29
03-19-22	456966793986	Rubber	13.58
03-19-22	456966793986	Tape	18.79
03-19-22	784774894658	Cots	473.10
03-21-22	547566537844	Chair or Bench Ends	59.99
03-22-22	483458947487	Clothing	79.98
03-31-22	866438348355	Softballs	51.97
04-01-22	439735358897	Flash Drives	126.20
04-01-22	439735358897	Cash Box	23.40
04-01-22	439735358897	Shipping	8.84
04-05-22	867665938585	Touniquet Case	60.85
04-06-22	764368447749	Book	25.99
04-13-22	459588975547	Clothing	39.99
04-20-22	768353564983	Tape	12.48

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<u>Date of Sale</u>	<u>Invoice Number</u>	<u>Description of Goods</u>	<u>Amount</u>
04-20-22	436363969795	Wedge for unlocking car doors	\$ 60.06
04-27-22	456399595546	Clothing	39.99
04-27-22	456399595546	Clothing	79.98
04-27-22	456399595546	Shipping	12.31
06-08-22	963484594397	Refund	(24.99)
10-13-22	666835358599	Monitor Mount	25.00
10-13-22	666835358599	Keyboard holder	12.97
10-13-22	666835358599	Shipping	5.99
10-20-22	944577884657	Zip Ties	23.99
10-20-22	944577884657	Shipping Boxes	28.99
10-20-22	944577884657	Shipping	5.99
11-02-22	846735973646	Receipt Book	51.66
11-06-22	743658993633	Refrigerator	280.96
11-12-22	843349495769	Evidence Markers	22.99
11-12-22	843349495769	Phone Charger	74.84
11-12-22	843349495769	Utility Knife	14.62
11-12-22	843349495769	Laser Measure	34.97
11-12-22	843349495769	Laser Measure	33.90
11-12-22	696754946335	Utility Knife Blades	6.98
11-12-22	458448487539	File Cabinet	199.89
11-20-22	468776567368	Video Gaming Chair	269.99
11-20-22	633587754775	Memory Foam Mattress	188.60
11-20-22	957549589875	LED Bed Frame	129.99
11-20-22	957549589875	Shipping	69.99
12-05-22	747774694864	Wipes	31.78
12-05-22	747774694864	Shipping	5.99
12-14-22	CEImiDIFsSNA	Battery	28.61
12-16-22	BpPUyVPxXMzF	Clothing	79.98
01-09-23	CmUfEdpwAiKk	Mop	149.00
01-10-23	CUqGhCBYYHFR	Squeegee	121.24
01-10-23	CKUJfWcMLxIC	Squeegee	21.06
Total			<u><u>\$ 4,522.60</u></u>

Indiana Code 5-11-10-1.6(c) states:

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless all of the following apply:

- (1) There is a fully itemized invoice or bill for the claim.
- (2) The invoice or bill is approved by the officer or person receiving the goods and services.
- (3) The invoice or bill is filed with the governmental entity's fiscal officer.

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- (4) The fiscal officer audits and certifies before payment that the invoice or bill is true and correct.
- (5) Payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

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, Chapter 1).

COMPENSATION

McDonald received \$15,390 as compensation in excess of the salary ordinances for the years 2020 through 2022 as follows:

Overpayment of Wages - Pam McDonald			
Year	Total Wages Paid	Total Per Salary Ordinance	Wages in Excess of the Salary Ordinance
2020	\$ 44,190	\$ 40,800	\$ 3,390
2021	48,370	42,370	6,000
2022	48,024	42,024	6,000
Totals	\$ 140,584	\$ 125,194	\$ 15,390

HealthLinc

Beginning in October of 2019, the County Sheriff and HealthLinc, Inc., a federally qualified Health Center, entered a Memorandum of Understanding (MOU) to administer the Mobile Integrated Response Grant. The grant funded a position titled Mobile Integrated Response Team (MIRT) Coordinator. However, compensation of \$500 a month was not mentioned until the MOU dated October 5, 2020. The MIRT Coordinator position was held by McDonald from October 2019 until she was terminated on May 8, 2023. As the MIRT Coordinator, McDonald prepared, signed, and submitted the claims for reimbursement. The claims for reimbursement were also signed with the County Sheriffs' signature stamps. The County Sheriffs' signature stamps were in the possession of McDonald.

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McDonald stated in an interview on May 4, 2023, that she was the only person willing to serve as the MIRT Coordinator when the position was first created. McDonald did not receive compensation for her role as the MIRT Coordinator until October 2020 when she received backpay of \$1,750 in addition to compensation of \$500 per month for being the MIRT Coordinator beginning October 5, 2020. The backpay, as documented on the claim for reimbursement submitted and paid by HealthLinc, Inc., indicated it was for the period of October 22, 2019 to September 20, 2020, for 50 hours at a rate of \$35 per hour. The compensation for MIRT Coordinator should have begun on October 5, 2020, so for the period of October through December 2020, we would have expected the MIRT Coordinator compensation to total \$1,500 (3 months at the rate of \$500 per month), not the \$3,390 per the table above.

The MIRT Coordinator compensation was not included in any of the salary ordinances adopted by the County Council for any of the three or four years from 2019 to 2022.

During an interview on March 13, 2023, McDonald stated that she performed her duties as the MIRT Coordinator both during her regular work hours when she was being compensated as Matron and after her regular work hours and on weekends. McDonald submitted monthly claims to HealthLinc, Inc., but the claims did not specify the amount of time she spent on MIRT Coordinator duties, and timesheets and time records were not maintained to document the dates and times of day she was performing Matron duties and MIRT Coordinator duties.

Cleaning Pay

McDonald and Julie Mayhew (Mayhew), former Social Service and Crisis Response Specialist, received compensation for cleaning the Starke County Justice Center. According to Mayhew and McDonald, Dulin authorized pay for cleaning the Starke County Justice Center during the COVID-19 pandemic because the jail inmates were no longer allowed to clean due to COVID-19 pandemic restrictions. McDonald stated in an interview on May 4, 2023, that an hourly rate of \$30 was authorized by Dulin based on a comparison of what other facilities paid for cleaning services. This compensation was not included in any of the salary ordinances approved by the County Council. The compensation and duties were not addressed in a contract with either McDonald or Mayhew. The compensation was not paid through payroll. Both McDonald and Mayhew were paid as vendors. Invoices and Accounts Payable Vouchers were created by McDonald and submitted to the County Auditor for payment from County funds.

At the end of each year, the County Auditor reported the compensation on Federal Form 1099-NEC Non-Employee Compensation. The County Auditor reported that McDonald and Mayhew received the following compensation for cleaning the Starke County Justice Center.

Compensation for Cleaning Pay		
Year	Pam McDonald	Julie Mayhew
2021	\$ 1,500	\$ -
2022	3,000	4,110
2023	300	300
Totals	\$ 4,800	\$ 4,410

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Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees: . . .

(2) . . . in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

SEMIANNUAL REPORTING OF COMMISSARY FUNDS

We requested the Semiannual Commissary Report provided to the County Council for 2022. The 2022 Semiannual Commissary Reports, provided to the County Council from former County Sheriff Dulin for the first six months of 2022 and from current County Sheriff Jack Rosa for the second six months of 2022, did not provide a detailed record of receipts and disbursements as required by Indiana Code 36-8-10-21(e), for 2022.

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."

LOWE'S CREDIT PURCHASES

The proper purchasing procedures were not followed by the County Sheriff when making purchases using the Lowe's credit account issued in the County's name.

Lowe's is a home improvement store and offers store credit accounts to businesses and individuals. Former County Sheriff Dulin authorized a Lowe's credit account. Authorized purchasers were not issued "credit cards." Per interviews with the County Sheriff's Department personnel who used the account, the local Lowe's home improvement store allowed employees of the County Sheriff's Department to charge purchases by showing their driver's licenses to the store clerk. The store clerk used the driver's license to validate the purchaser was an authorized user of the Lowe's credit account.

Neither the County Sheriff, the Matron, nor any other employee of the County Sheriff's Department maintained a record of the names of employees and staff authorized to use the credit account.

Per an email from the County Auditor, department heads were not required to get approval from either the County Commissioners or the County Council to open a credit account, which is not compliant with County Ordinance 2019-11 Credit Card Policy and Indiana State Board of Accounts guidelines for use of credit cards.

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Ordinance 2019-11 Credit Card Policy states in part:

" . . . 4. **Accounting System.** The Purchasing Agent shall maintain an accounting system which shall include the name of the Purchasing Agent, their position, estimated amounts to be charged, reason, reason for charge, fund and account numbers to be charged, and the date the card was issued and returned.

5. Use, Custody, Submission of Claims, Interest and Late Fees.

a. The Auditor's Office will maintain physical possession of county credit cards, unless a written order or directive from the Commissioners provides otherwise. Cards will be signed out only as needed, and will be promptly signed backed after the purpose for which it was signed out has been accomplished, accompanied by documentation required by this policy as interpreted and implemented by the Auditor. . . ."

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)

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 usage through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
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.
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)

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FUNDRAISERS

Background

Dulin held fundraisers each year from 2019 to 2022 to raise funds for the County Sheriff's Department's SWAT team and K-9 unit. Based upon review of Board minutes from the County Council and County Commissioners, there was not any documented permission for the fundraisers by either Board. Furthermore, a policy regarding the use of alcohol and allowability for purchase with fundraising proceeds was not provided for the investigation.

Accounting for Fundraisers

McDonald was responsible for collecting the funds received prior to and during the fundraising events. Fundraising events included, but were not limited to, banquets, golf outings, and casino nights. Collections for the fundraising events included pre-sales for tickets to the events, as well as collections for activities at the events, including, but not limited to, open bar sales, refreshments, gambling, auctions of donated items, etc. All collections for the fundraising events were remitted to and held by McDonald until after the event, including pre-ticket sales. Cash collections received but not deposited and money held in the Commissary fund would be used to pay rent for a facility, catering, purchase of decorations, refreshments, etc. Prior to remitting the collections to the County Auditor for receipt into the Sheriff Narcotic K-9 Donation Fund and/or the Firearms Training Fund, both funds maintained by the County Auditor, McDonald would receipt and deposit funds to the Commissary fund and the associated Commissary bank account, respectively. These receipts and deposits to the Commissary fund and Commissary bank account were meant to reimburse the Commissary fund and Commissary bank account for money used from the Commissary fund and Commissary bank account for fundraising expenses. Furthermore, the overall collections held by McDonald were reduced by cash spent on the night of the event for supplies and refreshments. None of the expenses related to the fundraisers were paid by the County Auditor from either the Sheriff Narcotic K-9 Donation Fund and/or the Firearms Training Fund.

McDonald could not provide an accounting for the collections, such as ticket sale reports, receipts for donations, receipts for auction proceeds, and/or cash register tapes for bar and refreshments.

Below, by year, are the recorded collections and disbursements for each of the fundraisers:

For 2019:

Fundraising Event	Commissary Receipts	Auditor Receipts	Total Receipts	Commissary Disbursements	Auditor Disbursements	Profit or (Loss)
SWAT	\$ 2,781	\$ 6,281	\$ 9,062	\$ 7,641	\$ -	\$ 1,421
Golf	1,940	2,873	4,813	2,347	-	2,466
Totals 2019	<u>\$ 4,721</u>	<u>\$ 9,154</u>	<u>\$ 13,875</u>	<u>\$ 9,988</u>	<u>\$ -</u>	<u>\$ 3,887</u>

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For 2020:						
Fundraising Event	Commissary Receipts	Auditor Receipts	Total Receipts	Commissary Disbursements	Auditor Disbursements	Profit or (Loss)
Golf	\$ 4,325	\$ 3,436	\$ 7,761	\$ 4,380	\$ -	\$ 3,381
Banquets	5,334	5,710	11,044	7,120	-	3,924
Totals 2020	<u>\$ 9,659</u>	<u>\$ 9,146</u>	<u>\$ 18,805</u>	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ 7,305</u>
For 2021:						
Fundraising Event	Commissary Receipts	Auditor Receipts	Total Receipts	Commissary Disbursements	Auditor Disbursements	Profit or (Loss)
Banquets	\$ 5,271	\$ 4,074	\$ 9,345	\$ 7,826	\$ -	\$ 1,519
Golf	-	5,008	5,008	5,400	-	(392)
Totals 2021	<u>\$ 5,271</u>	<u>\$ 9,082</u>	<u>\$ 14,353</u>	<u>\$ 13,226</u>	<u>\$ -</u>	<u>\$ 1,127</u>
For 2022:						
Fundraising Event	Commissary Receipts	Auditor Receipts	Total Receipts	Commissary Disbursements	Auditor Disbursements	Profit or (Loss)
Golf	\$ 6,160	\$ -	\$ 6,160	\$ 8,994	\$ -	\$ (2,834)
Banquets	2,751	5,428	8,179	8,783	-	(604)
Casino Night	-	7,065	7,065	6,409	1,147	(491)
Totals 2022	<u>\$ 8,911</u>	<u>\$ 12,493</u>	<u>\$ 21,404</u>	<u>\$ 24,186</u>	<u>\$ 1,147</u>	<u>\$ (3,929)</u>

Indiana Code 5-13-6-1 states in part:

". . . (c) Except as provided in subsections (d) and (g), all local officers, except township trustees, 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 public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received. . . .

(g) 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):

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- (1) An office of the legislative branch of state government.
- (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).

However, the funds on hand must be deposited not later than the business day following the day that the funds exceed five hundred dollars (\$500)."

Units which conduct fund raising events must have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

The governing body of a unit must have a written policy concerning the purchase of alcohol using public funds. This policy must address the exact situations in which alcohol can be purchased and outline any liability issues that may arise with using public funds to purchase alcohol. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

FARM PROGRAM

The County Board of Commissioners adopted Ordinance 2019-04 on April 1, 2019, to initiate a program entitled "Fostering A Recovering Mentality" (FARM). FARM Fund number 4110 was established on the County Auditor's ledger to account for the funds received from the sale of items created by inmates as part of the FARM program in accordance with Ordinance 2019-04. Ordinance 2019-04 states in part: "The FARM Fund be created to receive funds from sale of garden products and other items created as part of the FARM program. . ."

Phil Cherry (Cherry), former Jail Warden, was responsible for overseeing the FARM program from April 1, 2019 to April 18, 2022, at which time Cherry retired. When Cherry retired, he provided a FARM cash ledger he maintained to his successor, Nathan Caudill (Caudill). On April 26, 2023, Caudill gave a "cash box" to the Jail Commander. It is unknown as to how the "cash box" was initially funded.

The FARM cash ledger was maintained by Cherry and Caudill to account for money collected from the sales of goods produced as part of the FARM Program. Some, but not all, of the collections were remitted to the County Treasurer for receipt to the FARM Fund. None of the invoices supporting disbursements for supplies were presented for payment per an Accounts Payable Voucher to the County Auditor for payment from the FARM Fund. None of the purchases were approved by the County Council. The operation of the FARM program bypassed the County's system for receipting, disbursing, and maintaining the financial activity of the FARM program in accordance with Indiana Codes and Uniform Compliance Guidelines.

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-1-2 states:

"The state board of accounts shall formulate, prescribe, and install a system of accounting and reporting in conformity with this chapter for use by an audited entity, which must comply with the following:

- (1) Be uniform for every public office and every public account of the same class and contain written standards that an entity that is subject to audit must observe.
- (2) Exhibit true accounts and detailed statements of funds collected, received, obligated, and expended for or on account of the public for any and every purpose whatever, and by all public officers, employees, or other individuals.
- (3) Show the receipt, use, and disposition of all public property and the income, if any, derived from the property.
- (4) Show all sources of public income and the amounts due and received from each source.
- (5) Show all receipts, vouchers, contracts, obligations, and other documents kept, or that may be required to be kept, to prove the validity of every transaction.

The state board of accounts shall formulate or approve all statements and reports necessary for the internal administration of the office to which the statements and reports pertain. The state board of accounts shall approve all reports that are published or that are required to be filed in the office of state examiner. The state board of accounts shall from time to time make and enforce changes in the system and forms of accounting and reporting as necessary to conform to law."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, "claim" means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless all of the following apply:

- (1) There is a fully itemized invoice or bill for the claim.
- (2) The invoice or bill is approved by the officer or person receiving the goods and services.
- (3) The invoice or bill is filed with the governmental entity's fiscal officer.
- (4) The fiscal officer audits and certifies before payment that the invoice or bill is true and correct.
- (5) Payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

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)

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)

INTERNAL CONTROLS

County Sheriff's Department

There was a lack of segregation of duties and oversight regarding the County Sheriff's Department as follows:

- One or two individuals were allowed to open bank accounts, open credit or charge accounts, collect funds, disburse funds, and record transactions with either no oversight and review or limited oversight and review.
- One individual received invoices related to purchases from vendors, including Amazon and Lowe's. Purchases from both entities were made on credit cards or credit accounts monitored by McDonald. McDonald reviewed and compared the invoices to credit card statements from Synchrony (Amazon) and Lowe's. McDonald determined which invoices to remit to the County Auditor for payment from County funds without any review or oversight by the County Sheriff or another individual.
- Individuals conducted fundraising activities and sold products made by jail inmates without any documented oversight or review by the County Council or County Commissioners. The County Council was not ensuring reports received by the County Sheriff of Commissary fund activities were complete.
- The County Sheriff was responsible for reviewing the monthly bank reconciliements prepared by McDonald. This review was documented with the County Sheriff's signature; however, bank reconciliements that were signed as reviewed did not balance to the Commissary ledger. There was not any documented evidence that the County Sheriff was comparing the numbers used on the bank reconciliements to the bank statements and ledger. There was not any evidence that the County Sheriff or any other individual was reviewing the bank statements to monitor electronic withdrawals such as those that were made from the Commissary bank account to McDonald's PayPal account.
- There was not a documented comparison or review of employee payments to amounts approved by the County Council as per the Salary Ordinance or to any contractual agreements.
- A signature stamp with the County Sheriff's signature was not properly safeguarded. McDonald had access to the signature stamp, which allowed McDonald to stamp the County Sheriff's signature on accounts payable vouchers submitted to the County Auditor for payment of invoices, as well as stamping his signature on checks issued from the Commissary funds.

COUNTY SHERIFF
STARKE COUNTY
RESULTS AND COMMENTS
(Continued)

County Auditor

Internal controls were ineffective within the County Auditor's office to ensure that payments of County funds were based upon original itemized vendor invoices and not duplicated. "Invoices" attached to Accounts Payable Vouchers audited by the County Auditor included sections that were cut from the Synchrony Credit Account statements, not the actual and complete Synchrony Credit Account statements and invoices from Amazon for all associated purchases.

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. . . ."

COUNTY SHERIFF
STARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 3, 2024, with Rachel Oesterreich, County Highway Superintendent (former County Auditor); Sara Dingham, Chief Deputy County Auditor; Jack Rosa, County Sheriff; April Wilhelm, Jail Matron/County Coroner; Justin Schramm, County Attorney; David Pearman, President of the County Council; Todd Leinbach, Vice President of the County Council; Bruce Bennett, County Council member; Anthony Black, County Council member; Kay Gudeman, County Council member; and Don Binkley, President of the County Commissioners.

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

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Pamela McDonald, former Jail Matron:			
Unauthorized Disbursements - Amazon, pages 3 through 7	\$ 658.57	\$ -	\$ 658.57
Unauthorized Disbursements - PayPal, pages 7 through 12	20,621.85	-	20,621.85
Special Investigation Costs, pages 15 and 16	21,275.33	-	21,275.33
Unauthorized Travel Disbursements:			
William Dulin, former County Sheriff and Misti Dulin, wife of former County Sheriff, jointly and severally, pages 13 through 15	469.40	-	469.40
William Dulin, former County Sheriff and Matt Noonan, husband of current County 911 Dispatcher, jointly and severally, pages 13 through 15	225.00	-	225.00
William Dulin, former County Sheriff and Dana Caudill, wife of current County Jail Warden, jointly and severally, pages 13 through 15	469.40	-	469.40
William Dulin, former County Sheriff and Chad Dulin, brother of former County Sheriff, jointly and severally, pages 13 through 15	642.51	-	642.51
Starke County:			
Special Investigation Costs, pages 15 and 16	<u>19,475.33</u>	<u>-</u>	<u>19,475.33</u>
Totals	<u>\$ 63,837.39</u>	<u>\$ -</u>	<u>\$ 63,837.39</u>

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

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AFFIDAVIT

STATE OF INDIANA)
Howard)
COUNTY)

I, Morris Myers, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Starke County, Indiana, for the period from January 1, 2019 to May 31, 2023, is true and correct to the best of my knowledge and belief.

Morris Myers
Field Examiner

Subscribed and sworn to before me this 24th day of July, 2024.

Amy Dawn Temple
Notary Public

My Commission Expires: 11-25-2027

County of Residence: Howard

AMY DAWN TEMPLE
NOTARY PUBLIC
SEAL
HOWARD COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES NOVEMBER 25, 2027
COMMISSION NUMBER NP0723810