



**OTTAWA COUNTY SHERIFF'S OFFICE - FURTHERANCE OF JUSTICE FUND
OTTAWA COUNTY**

SPECIAL AUDIT

FOR THE PERIOD JANUARY 1, 2008 THROUGH SEPTEMBER 23, 2011



Dave Yost • Auditor of State

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INDEPENDENT ACCOUNTANTS' REPORT

Ottawa County Commissioners
315 Madison Street
Port Clinton, Ohio 43452

We conducted a special audit of the Ottawa County (the County) Sheriff's Office Furtherance of Justice Fund (FOJ) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period January 1, 2008, through September 23, 2011, (the Period) solely to:

- Determine whether expenditures of FOJ funds were supported, related to the performance of former Sheriff Robert Bratton's official duties and in accordance with provisions governing the restricted use of these funds.

This engagement was conducted in accordance with the Quality Standards for Inspections established by the President's Council on Integrity and Efficiency (January 2005). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We quantified FOJ expenditures from the FOJ checking account, including those initiated using the FOJ MasterCard credit card. We obtained and examined available invoices and receipts to determine whether expenditures were supported and in accordance with provisions governing the restricted use of FOJ funds. We selected certain office and computer equipment purchases and observed the equipment in its physical location at the County.

Significant Results – We determined former Sheriff Robert Bratton used the FOJ checking account and FOJ MasterCard credit card to purchase \$9,114 of personal items and unsupported items that were not in accordance with provisions governing the restricted use of these funds. Mr. Bratton acknowledged using FOJ funds for personal purchases and asserted that each time he used FOJ funds for personal purchases he reimbursed the FOJ account. Neither County records nor documents provided by Mr. Bratton supported reimbursement of FOJ funds for these purchases. Mr. Bratton further asserted he operated an FOJ petty cash fund. Following inquiries regarding the use of FOJ funds on September 20, 2011, Mr. Bratton deposited \$1,900 from the alleged petty cash fund into the FOJ bank account. We considered this deposit a partial reimbursement of FOJ funds. On January 23, 2012, we proposed a Finding for Recovery against former Sheriff Bratton totaling \$7,679. Upon receipt of the proposed finding, Mr. Bratton submitted additional information supporting \$465, and on February 10, 2012, Mr. Bratton repaid the remaining \$7,214 to the County.

We issued one noncompliance citation for failure to maintain documentation to support the expenditure of FOJ funds. We also issued four management comments related to credit cards, petty cash, employee awards and food purchases.

2. On February 16, 2012, we held an exit conference with the following individuals representing the County:

Steven Arndt, County Commissioner (President)
James Sass, County Commissioner
Mark Stahl, County Commissioner
Mark Mulligan, County Prosecutor
Dennis Jensen, County Administrator
Rhonda Slauterbeck, County Clerk/Assistant Administrator

The attendees were informed that they had five business days to respond to this special audit report.
A response was not received.



Dave Yost
Auditor of State

January 5, 2012

Supplement to the Special Audit Report

Background

According to the Ohio Revised Code, the Furtherance of Justice funds exist in order to provide for the sheriff's expenses relating to the performance of his or her official duties and in the furtherance of justice. According to the AOS Ohio Compliance Supplement, "Although the officers possess considerable discretion in determining an expense in the performance of their duties, these expenditures must be for a proper public purpose."

Robert Bratton was elected Ottawa County Sheriff in November 2004, with his first term beginning January 3, 2005. Prior to being elected sheriff, Mr. Bratton served as the Chief Deputy Sheriff under former Sheriff Craig Emahiser. During the Emahiser administration, a detailed policy existed to govern the use of FOJ funds. The policy was nine pages in length and included sections on appropriate uses of FOJ funds, required documentation, meal allowances and petty cash funds.

Upon election to office, Mr. Bratton did not issue a revised FOJ policy. In May 2011, during the course of the County's annual financial audit Auditor of State (AOS) auditors asked Mr. Bratton for his FOJ policy. At that time, Mr. Bratton created his own FOJ policy, two pages in length, which outlined general provisions and examples of allowable and unallowable expenses. It did not establish limits on expenditures and did not contain any guidelines for a petty cash fund.

At the beginning of each calendar year, the FOJ account was funded by a deposit from the County in an amount equal to half of the sheriff's annual salary. The FOJ account was under the sole control of the County sheriff's office. In 2008, the amount deposited was \$26,461. During calendar years 2009 through 2011, the amount was \$27,290 each year.

In May 2011, also during the County's annual financial audit AOS auditors examined FOJ expenditures and noted purchases for such items as medications and Cedar Point Amusement Park season passes which appeared to be unrelated to the furtherance of justice.

In early June 2011, detailed listings of all FOJ expenditures were forwarded to the AOS Special Audit Task Force and on June 20, 2011, the Task Force expanded the scope of the County's annual financial audit to specifically examine all FOJ expenses for proper public purpose and compliance with provisions governing the disbursement of FOJ funds.

From June 20, 2011, through September 19, 2011, financial auditors performed detailed testing and a preliminary investigation was initiated. The preliminary investigation included multiple interviews with former Sheriff Bratton and other individuals regarding the circumstances surrounding some of the FOJ purchases. On September 19, 2011, the Special Audit Task Force considered the results of the preliminary investigation and initiated a special audit of the sheriff's FOJ funds.

On August 31, 2011, Mr. Bratton announced he would resign as Ottawa County Sheriff to become police chief in the Village of Genoa, effective September 23, 2011.

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Objective No. 1 – FOJ Expenditures

PROCEDURES

We used FOJ account bank records and credit card statements to document all known FOJ expenditures for the Period. We obtained and examined available supporting invoices and receipts to determine whether expenditures were in accordance with provisions governing the restricted use of these funds.

We selected 16 office/computer equipment purchases and observed the equipment in its physical location at the County.

We quantified the expenditures which were not supported by detailed receipts or invoices.

RESULTS

We noted expenditures totaling \$9,114 which were personal in nature and not in accordance with provisions governing the restricted use of FOJ funds, or were unsupported and without detailed receipts or invoices. Additionally, we noted \$16,510 of FOJ funds expended for restaurants, dinners, and office food items.

We observed 14 of the 16 office/computer equipment purchases selected. The remaining two items were disposable or transient in nature and therefore were not available for review.

FOJ expenditures totaling \$29,346 were unsupported by documentation such as an original invoice or receipt for items purchased.

FINDING FOR RECOVERY REPAID UNDER AUDIT

Personal Items Purchased with FOJ Funds

Pursuant to Ohio Revised Code, Section 325.071 provides an amount annually to the Sheriff for expenses the Sheriff incurs in the performance of the Sheriff's official duties in the furtherance of justice. Auditor of State Technical Bulletin 97-014 provides areas in which expenses made with monies from this fund are proper.

Furthermore, *State ex rel. McClure v. Hagerman* (1951), 155 Ohio St. 320, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. In addition, all expenditures should be evidenced by some form of documentation attesting to the nature of the purchase. Without proper documentation, it is difficult to ensure public monies are being spent for public purposes.

Former Sheriff Robert Bratton used FOJ funds for personal purchases and unsupported items as described herein:

- A. During the Period, Mr. Bratton issued checks totaling \$5,061 payable to "cash", "Sheriff Bob Bratton" or to the bank to facilitate the withdrawal of FOJ funds from the FOJ bank account. In an interview Mr. Bratton stated the cash was withdrawn from the account for out-of-county

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training, dry cleaning, awards programs and various other events. Our examination of available FOJ receipts noted actual cash purchases totaling only \$504.

Mr. Bratton further asserted any funds remaining from the various cash withdrawals were placed in an FOJ petty cash fund held in his office. Mr. Bratton stated he did not create or maintain any records related to the source or use of the petty cash funds. When AOS auditors counted the petty cash funds, they noted it consisted of 19 one-hundred dollar bills and no receipts. Typically, a petty cash fund is comprised of smaller bills and change to facilitate the general usability of petty cash; and receipts documenting the nature of petty cash disbursements. During an interview Mr. Bratton stated he exchanged the smaller bills and change at the bank for the 19 one-hundred dollar bills. Neither the County's records nor any provided by Mr. Bratton documented the origin of the \$1,900. On September 20, 2011, Mr. Bratton deposited the \$1,900 into the FOJ account.

The remaining \$2,657 of withdrawals from the FOJ checking account was unsupported by documentation.

- B. Mr. Bratton used the FOJ MasterCard credit card to purchase gift cards totaling \$2,438 and office gift items totaling \$160. Mr. Bratton stated these items were purchased for employees and residents who assisted the Sheriff's office. Neither the County's records nor any provided by Mr. Bratton documented who received these gift cards and gift items. On February 7, 2012, we received documentation supporting the use of \$465 of the gift cards for valid purposes. The remaining gift card purchases totaling \$1,973 and office gift items of \$160 were unsupported.
- C. Mr. Bratton used the FOJ MasterCard credit card to purchase \$1,356 of personal prescription medications through a mail-order pharmacy which were shipped to his home. In an interview Mr. Bratton acknowledged using the FOJ MasterCard credit card to purchase the medications and asserted he repaid the FOJ account with personal funds. Neither the County's records nor any provided by Mr. Bratton documented personal repayment of FOJ funds for medications.
- D. During the Period, Mr. Bratton used the FOJ MasterCard credit card to purchase items including shoes, belts, neckties, reading glasses, cigars, a haircut, a physician's office copayment, a watch, books and a coat totaling \$745. These purchases, although supported with detailed receipts, were personal in nature and not in accordance with provisions governing the restricted use of FOJ funds. Neither the County's records nor any provided by Mr. Bratton documented personal repayment of FOJ funds for these purchases.
- E. On June 3, 2010, Mr. Bratton used the FOJ MasterCard credit card to purchase two 2010 Platinum Pass Vouchers for Cedar Point Amusement Park, via the Cedar Point website. The total cost of the transaction was \$323. Each voucher was to be redeemed for one nontransferable season pass to the park.

On June 27, 2010, the two vouchers were redeemed at Cedar Point for official park passes. In an interview Mr. Bratton stated he intended the passes to be part of an Employee of the Month award program. When asked whether a formal Employee of the Month policy containing criteria and qualifications existed, Mr. Bratton acknowledged it did not. During the audit we discovered the vouchers and the passes were each issued in the name of a person not employed by the Ottawa County Sheriff's office.

We interviewed the person who received the vouchers and the passes. This person stated they were told by Mr. Bratton that he routinely received two free vouchers for Cedar Point and he wanted to use them for an employee reward program. According to the person interviewed, Mr. Bratton indicated the vouchers could be redeemed into park passes and this individual could use those passes and later return them to the sheriff's office for the employee

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program. This person also stated they told Mr. Bratton at the time that when the passes were issued, they must be issued in one person's name and would not be transferrable; however, Mr. Bratton instructed the passes be obtained regardless.

When interviewed separately, Mr. Bratton stated at the time of the Cedar Point transaction he was unaware the passes would be issued to one specific individual, with a photo identification, and be non-transferrable.

Neither the County's records nor any provided by Mr. Bratton included evidence of an employee rewards program with documented criteria or performance standards to be achieved. There was also no evidence the individual who received the passes was an employee of the county or otherwise assisted in any of the former Sheriff's past investigations. Additionally, neither the County's records nor any provided by Mr. Bratton included evidence Mr. Bratton repaid \$323 to the FOJ account for the passes.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended was proposed against Robert Bratton, former Ottawa County Sheriff, in the amount of \$7,679. We later received documentation supporting \$465 of the identified transactions and on February 10, 2012, Mr. Bratton paid \$7,214 into the Ottawa County General Fund.

NONCOMPLIANCE CITATION

Unsupported Expenses

Former Sheriff Robert Bratton's "Furtherance of Justice Fund Policy & Procedures" memorandum specifically states "Original receipts shall be kept by the Sheriff to document FOJ expenses." It goes on to state examples of unallowable expenses include expenses that customarily are evidenced by receipt and no receipt is maintained.

During the Period, Mr. Bratton's FOJ fund contained expenditures of \$29,346 which were unsupported. These transactions comprised over 27% of the FOJ funding amounts.

Lack of detailed receipts to substantiate the expenditure of FOJ funds increases the risk of improper use and reduces transparency and accountability for the proper use of these restricted funds.

We recommend detailed receipts be maintained for all FOJ transactions to fully demonstrate the nature and purpose of expenditures.

MANAGEMENT RECOMMENDATIONS

Credit Card Policy

Former Sheriff Robert Bratton did not have a written policy regarding credit card usage and documentation of credit card purchases. The current sheriff did not make any changes to Mr. Bratton's FOJ policy memorandum, nor did he issue a policy regarding the use of a credit card.

Failure to have a credit card policy and establish documentation requirements for credit card expenditures could result in FOJ funds being used in violation of provisions governing their restricted use.

We recommend the current sheriff create a policy and implement controls over credit card usage, including the submission of original, itemized receipts. We recommend all purchases made by credit card be supported with a detailed receipt and an explanation of how the purchase is related to the furtherance of justice. Credit card statements should be reviewed and approved by the sheriff, as documented by his signature on the statement.

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Petty Cash Policy

Former Sheriff Robert Bratton did not have a written policy regarding the use of a petty cash fund. Although Mr. Bratton stated a petty cash fund was in use in his department, there were no records maintained supporting sources or uses of such funds.

Failure to establish a policy and maintain records related to petty cash could result in funds being used in violation of provisions governing their restricted use.

We recommend the current sheriff consider whether to continue the use of an FOJ petty cash fund. If continuing, we recommend the sheriff adopt a formal written policy regarding administration of the funds. This policy should establish, at a minimum, the dollar amount of the account, the employee responsible for its maintenance and replenishment, how often it will be replenished, allowable uses, and the documentation required to be maintained for the account. Routine office operating expenses should flow through the normal purchasing process and not through petty cash.

Employee Awards, Incentives and Gifts

Throughout several interviews with former Sheriff Robert Bratton, he indicated certain purchases with FOJ funds were made for employee awards and incentives. However, Mr. Bratton did not provide any documentation to support existence of an awards program such as a budget, written policy, or objective criteria for earning an award.

Without policies and specific criteria to support an employee incentive program, it is possible gifts and awards could be given to employees with bias or without regard to actual accomplishments.

We recommend the current sheriff consider whether to continue any formal or informal employee recognition, incentive, and gift programs. If continuing, we recommend the sheriff consult with the county prosecutor's office regarding the permissibility of using FOJ funds for the expenses of such programs.

Food and Meal Purchases

Former Sheriff Robert Bratton's did not have a written policy on the use of FOJ funds for food or meal purchases. There were no established limits for these types of expenditures. During the Period, \$16,510 was spent on meals and food.

Failure to set limits on food and meal purchases could result in excessive spending for these items.

We recommend the current sheriff create a policy for the purchase of food or meals with FOJ funds, and to set and enforce limits on these expenditures.

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OTTAWA COUNTY SHERIFFS OFFICE FOJ FUND

OTTAWA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 13, 2012