B47829

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

SPECIAL INVESTIGATION REPORT

OF

WASHINGTON TOWNSHIP

CLARK COUNTY, INDIANA

January 1, 2011 to December 31, 2014

FILED
03/15/2017

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SCHEDULE OF OFFICIALS

Office	Official	Term
Trustee	Tyler York	01-01-11 to 12-31-14
	Joseph Todd Webb	01-01-15 to 12-31-18
Chairman of the Township Board	Forest J. Hall	01-01-11 to 12-31-14
	Austin Wiggam	01-01-15 to 12-31-16

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, CLARK COUNTY, INDIANA

We have conducted a special investigation of the records of Washington Township for the period from January 1, 2011 to December 31, 2014. Our investigation was limited to the following records; bank statements including deposit tickets and canceled checks, ledger, receipts, invoices, and other related records. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and the Summary of Charges as listed in the Table of Contents.

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

Any Official Response included herein this report has not been examined or verified for its accuracy.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

November 1, 2016

BACKGROUND

Tyler York (York) was the Trustee from January 1, 2011 to December 31, 2014. A new trustee was elected on January 1, 2015, Joseph Todd Webb who advised us that he was unable to obtain the records from York. After numerous attempts to contact York without success the Township records were subpoenaed by the Indiana State Board of Accounts.

PERSONAL UTILITY BILLS

A review of bank statements showed payments totaling $3,241.43 were paid to an electric utility and a water utility during the years 2012, 2013, and 2014. Invoices supporting these payments were not presented. Based on the following information, these payments were used to pay personal utility bills of York:

1. Included in the records presented was a letter signed by York. The letter was dated in January of 2015 and stated in part the following:

   > "Upon reviewing the financials for 2014, I realized that both my personal checking account ending in . . . and the township's account ending in . . . were both linked to my personal electric utility account. A total of $3,078.93 was paid from the wrong account. I will be reimbursing $3,078.93 to the township . . ."

   As of November 1, 2016, York had not reimbursed the Township the amount stated in his letter.

2. Information provided by a water utility showed that Township check number 1714, dated March 21, 2012, in the amount of $162.50 was also applied to York's personal water utility account.

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

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 governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $3,241.43 to the Township. (See Summary of Charges, page 14)

TOWNSHIP ASSISTANCE - PAYMENTS TO ELECTRIC COMPANY

There were six payments totaling $2,109.99 from the Township's bank account to two electric utilities. Notations in the ledger showed recipient names for two of the payments but no information or documentation on the remaining four payments. Besides no supporting documentation, there were no Township Assistance applications on file for these payments and no purchase orders on file to substantiate that services were provided or purchases were made. The following is a schedule of the unsubstantiated payments:

Date	Check Number	Amount
08-29-12	3004-3007	$ 549.55
10-19-12	AW	349.39
12-14-12	AW	204.88
03-29-13	AW	422.91
06-17-13	AW	243.14
10-22-14	1826	340.12
Total		$ 2,109.99

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $2,109.99 to the Township. (See Summary of Charges, page 14)

NO SUPPORTING DOCUMENTATION

Checks totaling $6,084.58 were issued by York during the period May 11, 2011 to October 21, 2014. According to memorandums on the checks, the payments were used to purchase computer supplies, signs, chainsaws, other supplies, gasoline and diesel fuel, and debris and bush removal. No invoices or paid receipts were presented to support these payments. Disbursements without supporting documentation are as follows:

Date	Check Number	Description	Amount
05-11-11	1664	Trustee Sign	$ 294.39
03-05-12	1712	Chainsaws	1,599.35
03-06-12	1713	Supplies	171.98
05-08-12	1725	Fuel for cleanup & mowing	448.66
06-20-12	1731	Fuel	460.15
07-18-12	1732	Diesel Fuel	622.56
08-08-12	1736	Fuel	256.95
10-06-12	1740	No Description Noted	116.12
10-06-12	1741	Diesel Fuel	603.68
03-28-13	1752	Fuel	844.59
12-08-13	1784	Debris & Bush Removal	220.00
12-30-13	1788	Fuel	271.15
10-16-14	1824	Reimburse Computer Services	175.00
10-21-14	1825	Reimburse Office Supplies	250.00
		Totals	$ 6,084.58

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $6,084.58 to the Township. (See Summary of Charges, page 14)

NO SUPPORTING DOCUMENTATION - PAYMENT TO RELATIVE

A check, dated December 29, 2014, in the amount of $475 was made payable to a relative of York. According to a memorandum on the check, the payment was for "Trash/Debris Removal/Weed eating/Small Cem. & Vacant Properties."

There was no supporting documentation (invoice or written contract) presented identifying the date of work; the name of the cemetery; or the location and name of the owner of the vacant property. There was also no evidence that the Trustee notified and billed the owner of the vacant property for the costs incurred as required by Indiana Code 15-16-8-6.

Indiana Code 15-16-8-6 states in part:

"(a) The township trustee shall prepare a statement that contains the following:

(1) A certification of the following costs:

(A) The cost or expense of the work …

(2) A description of the real estate on which the labor was performed.

(3) A request that the owner or person in possession of the real estate pay the costs under subdivision (1) to the township trustee.

(b) The certified statement prepared under subsection (a) shall be provided:

(1) to the owner or person possessing the real estate . . ."

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $475 to the Township. (See Summary of Charges, page 14)

MISSING EQUIPMENT

Equipment totaling $1,354.18 were purchased from Township funds. Todd Webb, Trustee, stated in an affidavit dated December 9, 2015, that the following equipment was not delivered to him after he took office:

Date of Purchase	Description	Check No.	Amount
05-19-12	Sprayer	1726	$ 224.97
07-28-12	Internet Upgrade Hotspot	1733	127.19
06-06-13	Cell Phone	1761	352.02
11-01-14	Laptop Computer	1828	650.00
Total			$1,354.18

Indiana Code 36-6-4-14 states in part:

"When his term of office expires, the executive shall:

(1) immediately deliver to the new executive custody of all funds and property of the township . . ."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to deliver the equipment to the Trustee or to reimburse $1,354.18 to the Township. (See Summary of Charges, page 14)

TOWNSHIP ASSISTANCE - CASH WITHDRAWAL

A debit transaction (cash withdrawal) was made on February 23, 2011, in the amount of $325 by York. Notations in the ledger show the cash withdrawal was used to pay Township Assistance for rent. However, there was no Township Assistance application on file identifying the Township Assistance recipient and no purchase order on file identifying that the vendor provided services to the recipient.

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $325 to the Township. (See Summary of Charges, page 14)

TOWNSHIP ASSISTANCE FOR RELATIVE

On April 2, 2012, $400 was paid to a local gas company. A notation in the financial ledger provided a name that we determined was a relative of York. However, there was no Township Assistance application on file from the relative and no purchase order on file to substantiate that the service or supplies were provided to the name noted in the financial ledger.

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $400 to the Township. (See Summary of Charges, page 14)

EXCESSIVE OR UNREASONABLE COSTS

The Township incurred excessive or unreasonable costs totaling $281. These payments were for bank research fees directly related to the prior Trustee's failure to present all bank records for the period January 1, 2011 to December 31, 2014.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $281 to the Township. (See Summary of Charges, page 14)

FEDERAL AND STATE REPORTING

During 2011, 2012, 2013, and 2014, evidence was not presented for investigation that the Trustee reported compensation paid to Township officials and employees to federal and state agencies. Internal Revenue Service W-2 forms were not presented for investigation. Records presented for investigation also showed no withholding and remittance of federal, state, and local taxes. Compensation paid by the Township to officials and employees was as follows:

	Salaries, Wages & Other Compensation			
Position	2011	2012	2013	2014
Trustee	$ 9,621.82	$11,762.00	$11,143.50	$11,423.00
Clerk	2,256.00	5,076.00	5,235.75	5,064.00
Board member	525.00	750.00	750.00	750.00
Board member	525.00	750.00	750.00	750.00
Board member	525.00	750.00	750.00	750.00
Totals	$13,452.82	$19,088.00	$18,629.25	$18,737.00

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs totaling $4,419 in the investigation of the payment of personal expenses by Township, payments to or on behalf of relatives, missing Township equipment, and unsupported disbursements.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Numerous attempts were made to contact York; however, we were unable to advise him that we requested York to reimburse $4,419 to the State of Indiana. (See Summary of Charges, page 14)

OFFICIAL BONDS

The Township obtained the following official bonds:

Bond Coverage	
Term	Amount
01-12-11 to 08-31-11 (1)	$ -
09-01-11 to 09-01-12	30,000
09-02-12 to 12-31-12 (1)	-
01-01-13 to 12-31-13 (1)	-
01-01-14 to 01-01-14 (1)	-

Note to Schedule: (1) The Trustee was not bonded.

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsection (b), the following . . . township officers and employees shall file an individual surety bond:

. . . Township trustees . . .

(b) The fiscal body of a . . . township may by ordinance authorize the purchase of a blanket bond or a crime insurance policy endorsed to include faithful performance to cover the faithful performance of all employees, commission members, and persons acting on behalf of the local government unit, including those officers described in subsection (a).

(c) . . . the fiscal bodies of the respective units shall fix the amount of . . . township trustees . . . as follows:

(1) The amount must equal thirty thousand dollars ($30,000) for each one million dollars ($1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

(2) The amount may not be less than thirty thousand dollars ($30,000) nor more than three hundred thousand dollars ($300,000) unless the fiscal body approves a greater amount for the officer or employee . . . "

INTERNAL CONTROL DEFICIENCIES

We noted the following internal control deficiencies:

1. Personal expenses and payments without supporting documentation caused by the lack of segregation of duties. Because of the small size of the Township, the Trustee was responsible for initiating and approving purchases.

   Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

   Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

2. The Township Board is required by Indiana Code 36-6-6-9 to review the annual financial report prepared by the Trustee. This report is required to have a detail of disbursements by vendor. No evidence was presented for investigation that the Township Board reviewed and approved the annual financial report for the years 2011, 2012, 2013, and 2014.

   Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

3. The Trustee did not maintain a capital asset record and the Township Board had not adopted a capitalization policy to monitor equipment purchased by the Township.

Tangible property of a permanent nature (other than land, buildings and improvements) should be inventoried. Examples include machinery, trucks, cars, furniture, typewriters, adding machines, calculators, bookkeeping machines, data processing equipment, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost. The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which equipment items will be recorded. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 19)

WASHINGTON TOWNSHIP, CLARK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2016, with Joseph Todd Webb, Trustee, and Austin Wiggman, Chairman of the Township Board.

WASHINGTON TOWNSHIP, CLARK COUNTY
SUMMARY OF CHARGES

	Charges	Credits	Balance Due
Due to Washington Township:			
Tyler York, former Trustee:			
Personal Utility Bills, page 4	$ 3,241.43	$ -	$ 3,241.43
Township Assistance - Payments to Electric Company, pages 4 and 5	2,109.99	-	2,109.99
No Supporting Documentation, pages 5 and 6	6,084.58	-	6,084.58
No Supporting Documentation - Payment to Relative, pages 6 and 7	475.00	-	475.00
Missing Equipment, page 7	1,354.18	-	1,354.18
Township Assistance - Cash Withdrawal, page 8	325.00	-	325.00
Township Assistance for Relative, page 8	400.00	-	400.00
Excessive or Unreasonable Costs, page 9	281.00	-	281.00
Totals Due - Washington Township	14,271.18	-	14,271.18
Due State of Indiana:			
Tyler York, former Trustee:			
Special Investigation Costs, page 10	4,419.00	-	4,419.00
Total Due from Tyler York, former Trustee	$ 18,690.18	$ -	$ 18,690.18

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

AFFIDAVIT

STATE OF INDIANA)
)
CLARK COUNTY)

We, Karen S. Kelleher and Rick Ahlrich, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records as described in our letter to the officials of Washington Township, Clark County, Indiana, for the period from January 1, 2011 to December 31, 2014, is true and correct to the best our knowledge and belief.

Karen S. Kelleher

Rick Ahlrich
Field Examiners

Subscribed and sworn to before me this 30th day of January, 2017

Susan Popp
Notary Public Clerk

My Commission Expires: _____

County of Residence: _____