

# Indiana State Board of Accounts

Ed Wheele


Director of Special Investigations

Phone: (317)694-0721

Email: [Ewheele@sboa.in.gov](mailto:Ewheele@sboa.in.gov)

# Special Investigations Unit (SIU):

- Two teams (North and South)
- Separate from the Audit teams
- Investigate matters of malfeasance, misfeasance, nonfeasance with government units.




Nonfeasance – an omission to perform a duty, or a total neglect of duty.

Misfeasance – Not doing a lawful act in a proper manner. It also refers to omitting to do an act as it should be done.

Malfeasance – Doing an act wholly wrongful.

# How investigations come to SIU:

- Audits
- Citizen Complaint
- Unit Referral
- Government Agency Referral



# Assessment or Investigation



## Investigative Techniques:

- Subpoena
- Analysis of Records
- Interviews

# Special Investigations Unit (SIU):

- If malfeasance, misfeasance or nonfeasance is established, SIU determines the loss to the unit and cost of the investigation.
- Once charge is established, SIU coordinates with the Attorney General's Office to recover the funds.
- SIU also works with law enforcement if criminal charges are appropriate.



## Possible Outcomes of a Special Investigation:

- Civil charge for the employee or official to pay the loss and cost of the SI.
- Civil charge and criminal charge.
- Management letter.





## Third party Frauds and/or Thefts

- Units are required to report these to SBOA.
- SI documents the report from the unit.
- SI coordinates with State/Local/Federal Law Enforcement.

## Example 1 – Nonfeasance

- Audit revealed the Clerk Treasurer paid penalties, interest and other charges to the Indiana Department of Revenue.
- Audit revealed the Clerk Treasurer paid vendors late fees as a result of chronic non-payment.

Result – Clerk Treasurer was required to pay penalties, interest and late fees that were incurred by the town.

## Example 2 – Nonfeasance and Misfeasance

- Audit determined there were significant purchases made by the town without any documentation.
- Audit determined the town paid significant late payment charges to vendors due to chronic non-payment.

Result – Clerk Treasurer was required to pay back purchases that lacked justification and late payment charges incurred by the town. Additionally, Clerk Treasurer was required to pay Special Investigative costs.

## Example 3 – Malfeasance

- School employee responsible for paying vendors was able to manipulate checks made out to vendors to be made out to her.
- Once the employee cashed the check, she then altered the electronic record back to its original state, which reflected being payable to the vendor.
- The employee repeated this scheme over a five year period.

## Example 3 – Malfeasance continued

### Result:

- The scheme was uncovered during an audit by SBOA. Special Investigations initiated an investigation.
- It was determined the employee had altered 312 checks made to vendors for a total loss of over \$979,000.
- All proceeds from the theft were gambled away.
- Employee was federally charged and subsequently sentenced to 28 months incarceration.
- Employee has been court ordered to pay restitution.

## Example 4 – Malfeasance

Street Superintendent and the Clerk Treasurer were immediate family members

Investigation determined the Street Superintendent rented several pieces of heavy equipment that was supposed to be utilized for town projects, however it was utilized for a private business venture.

Result: Street Superintendent was federally indicted, arrested and sentenced to 14 months in prison.

## Example 5 – Malfeasance

A Sheriff's Department Ombudsman embezzled thousands of dollars from a federal grant.

A Sheriff utilized commissary funds to pay expenses from a personally owned business.

Result: Sheriff resigned from office, federally charged and served 60 days in federal prison. Ombudsman was federally charged and served 18 months in federal prison.



Questions?