

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

AUDIT REPORT  
OF  
EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY, INDIANA  
January 1, 2004 to June 30, 2005



**FILED**  
07/13/2007



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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Samuel R. Hall	01-01-04 to 07-18-05
	Vacant	07-19-05 to 10-09-05
	Tim Whitaker	10-10-05 to 01-27-06
	Vacant	01-28-06 to 02-01-06
	Michael Bruce	02-02-06 to 12-31-07
President of the County Council	David L. Critser	01-01-04 to 12-31-07
President of the Board of County Commissioners	James L. Gredy	01-01-04 to 12-31-04
	Stephanie Yager	01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BROWN COUNTY

We have audited the records of the Emergency Management Agency for the period from January 1, 2004 to June 30, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Reports of Brown County for the years 2004 and 2005.

STATE BOARD OF ACCOUNTS

April 11, 2007

EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY  
AUDIT RESULTS AND COMMENTS

REVIEW OF EQUIPMENT PURCHASED

There were numerous disbursements from the county general and federal grant funds and from the Brown County EMA Grant bank account during the period January 1, 2004 to June 30, 2005 for equipment and other items which we were either unable to locate or determine what was purchased. We compared information available from invoices to an inventory made by the sheriff's office in 2005 as well as personal observations at the county office and requests made in 2006 of volunteer fire departments. Many of the claims filed by the former Emergency Management Director, Samuel R. Hall with the County Auditor for payment only had a copy of an invoice or a statement noting an invoice number and amount.

We made inquiry of Samuel R. Hall on August 10, 2006, concerning items totaling \$48,042.66. He stated that items purchased from the Brown County EMA Grant bank account were for Brown County EMT Association and not items which would belong to the County. We could not substantiate all explanations that were made.

The only record found of equipment in the custody of other units was for spill carts distributed on January 20, 2005. This listing will be given to the current director so that he has the information.

Equipment and other items not found at the County and disbursements made which lacked supporting documentation sufficient to determine the items purchased totaled \$35,297.55. Mr. Hall was asked to reimburse the County for these purchases in the amount of \$35,297.55. (See Summary, page 12)

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 Counties, Chapter 1)

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

GASOLINE PURCHASES

We reviewed gasoline purchases for the period January 1, 2004 to June 30, 2005. In 2004, 1,291 gallons of gas was charged to the County's fleet card and in 2005 through June 12, 2005, there was an additional 1,023 gallons purchased for a total of 2,314 gallons. In reviewing when gasoline charges were made, we found: (1) instances when charges were made two or three times on the same day; (2) charges made within an hour of each other and even two charges at the same time; (3) gasoline purchases made at places other than Nashville, such as five different towns in North Carolina on a week day in September 2004 when the time sheet submitted by the Emergency Management Director to the County Auditor indicated that he was working in the office; (4) purchases made in Franklin, Indiana located in Johnson County on January 4, 2005 and May 11, 2005, and other out of County locations; (5) charges made on Saturdays and Sundays when the Emergency Management Director was not working. These payments made by the County for gasoline totaled \$3,775.62.

The only vehicle that the County owned for the Emergency Management Agency was a 1990 GMC Jimmy. A repair invoice dated August 14, 2003, indicated that this vehicle had an odometer reading of 136,810. On November 28, 2005, inquiry made with the County Sheriff's office of the odometer reading of the vehicle was 140,213. Therefore, 3,403 miles were driven on the County's vehicle since August 14, 2003. The

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only other items for which the Emergency Management Agency would have a need for gasoline are the generators at the office and some gasoline powered tools. We had information available to us that indicated that Mr. Hall's personal costs for gasoline decreased during this same period from what was spent in 2003. Allowing 10 miles per gallon for the vehicle and 20 gallons a month for generators and any other equipment that may require gasoline, we estimated 700 gallons of gasoline could have been used for County purposes. The average cost to the County for the gasoline charges was \$1.632 per gallon. Therefore, it was estimated that the County's gasoline expense should have been \$1,142.40 instead of \$3,775.62.

On August 10, 2006, we made inquiry of Samuel R. Hall concerning gasoline purchases. He stated that he used his own vehicle when the County's vehicle was out of service. He said that he had sent a letter dated August 12, 2003, to Blake Wolpert, County Commissioner that the County's vehicle was down and will use credit card and his own vehicle. Additionally, he stated that he sent a letter dated August 20, 2003 to Blake Wolpert and the Brown County Council along with his department's budget about using his personal vehicle. The County Commissioners in 2003 were James Gredy, Amy Couch and Blake Wolpert. The Board of County Commissioners or County Council minutes in this time frame did not make any reference to these letters or otherwise indicate any action to this effect. He also stated that the use of his personal vehicle was discussed at Advisory Board meetings; however, minutes of these meetings were not made available for audit. Lastly, he stated that he and Micah Fox made the trip to North Carolina to purchase a command vehicle outside of Durham; however, when he saw the vehicle, it was too tall for Brown County roadways.

The former Emergency Management Director, Samuel R. Hall was asked to reimburse the County in the amount of \$2,633.22 for gasoline expenses in excess of the amount the evidence supports could have been used in the County's vehicle or other County equipment. (See Summary, page 12)

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 Counties, Chapter 1)

REVIEW OF PARTS PURCHASED

There were purchases from NAPA, an auto parts store, amounting to \$1,529.29 for the period January 1, 2004 to June 30, 2005. There were purchases of sets of four and eight spark plugs on the same day as well as purchases of different types of oil. We had information available to us that indicated that Samuel R. Hall had an account with NAPA which had purchases made in 2002 and 2003. The only transaction in 2004 was for towels and a dimmer switch for a 1977 Dodge Pickup and then purchases were made again beginning July 2005. We lacked information to enable us to determine whether the items purchased were for a vehicle or equipment other than those belonging to the County except for an invoice which stated that it was for a 1994 Jeep Grand Cherokee for \$67.78.

On August 10, 2006, Samuel R. Hall told us that he drove a Geo Tracker until sometime in the Spring of 2005 when he begin driving a 1994 Jeep Cherokee. The invoice referenced was dated April 22, 2005. Since this is not the County's vehicle, Samuel R. Hall, former Emergency Management Director, was asked to reimburse the County in the amount of \$67.78. (See Summary, page 12)

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 Counties, Chapter 1)

EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

REVIEW OF VEHICLE REPAIRS

There were repairs to vehicles totaling \$2,614.33 for the period January 1, 2004 to June 30, 2005. Only one invoice noted miles, year and model or serial number of the vehicle. Therefore, we were unable to determine whether these repairs were made on the County's 1990 GMC Jimmy. There was a repair invoice dated June 21, 2004, in the amount of \$39.95 which indicated that the vehicle had an odometer reading of 162,777. On November 28, 2005, the County Sheriff's Department informed us that the odometer reading of the County's vehicle was 140,213. Since the repair noted could not have been on the County's vehicle, Samuel R. Hall, the former Emergency Management Director, was asked to reimburse the County in the amount of \$39.95. (See Summary, page 12)

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 Counties, Chapter 1)

Generally, public funds may not be used to make improvements to property not owned by the governmental unit, unless permitted by statute, federal or state requirements, or safety concerns. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

OTHER EXPENSES

There was a disbursement of \$74.00 paid to the National Association for Search and Rescue which stated that it was for individual membership - initial year for Rick Hall on December 6, 2004. On April 4, 2005, individual membership dues to the American College of Forensic Examiners International for \$130.00 were paid. The County has not adopted an ordinance or resolution for the emergency management director to have individual memberships in any organization.

A cellular telephone bill was paid on June 6, 2005, for \$21.35 that is not the County's cellular telephone number. Supporting documentation did not indicate County usage of this cellular phone.

A paid claim showed the purchase of 440 stamps on December 20, 2004, for \$162.80. No county function or purpose was noted on the supporting documentation for this claim and the stamps were not found during the County's inventory of the office.

On August 10, 2006, Samuel R. Hall stated that Ordinance 03029801 gave him and the Advisory Board authority to spend funds in the County's departmental budget as he saw fit. This he viewed as his authority to have memberships in these organizations. This ordinance states in Section 3.F.4. that employees and rostered volunteers may receive training in the functions that they are to perform under the plan. There was no explanation offered for the cellular phone bill or stamps other than stating that he mailed payment of the department's claims and would slap a bunch of stamps on an envelope for grants. A subsequent review of postage purchased in 2005 seemed to explain the use of 185 stamps for \$68.45. This leaves an unexplained difference in postage of \$94.35.

EMERGENCY MANAGEMENT AGENCY  
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Since the County has no policy to pay for individual memberships in professional organizations and it could not be determined what County purpose that these other expenses had, Samuel R. Hall, the former Emergency Management Director, was asked to reimburse the County \$319.70.

We know of no statutory authority for the payment of dues or related expenses from public funds for individual's memberships in professional organizations. County councils may appropriate necessary funds to provide memberships of counties, and the elected and appointed officials and members of their respective boards and councils, in local, regional, state and national associations of a civic, educational or governmental nature which has as their purpose the betterment and improvement of municipal operations. The County Council should designate the associations to which dues could be paid and appropriate necessary funds to defray the expenses of the County representative. If the County wishes to grant itself authority to continue these memberships, it is required that an authorizing ordinance be enacted by the Board of County Commissioners. (County Bulletin and Uniform Compliance Guidelines, Volume 354, page 9)

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 Counties, Chapter 1)

PENALTIES, INTEREST AND OTHER CHARGES

The County paid invoices from NAPA which included service charges in the amount of \$17.44. Samuel R. Hall was asked to reimburse the County in this amount. (See Summary, page 12)

Officials and employees have the duty to pay claims in a timely fashion. Failure to pay claims 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.

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

TRANSACTION RECORDING

There were two bank accounts opened by the Emergency Management Director using the County's employer identification number. No Ledger of Receipts, Disbursements and Balances, General Form 358; Receipt, General Form 352; Check, General Form 353 or any supporting documentation of the purchases made were presented for these two accounts. We did not find an ordinance or resolution of the County authorizing these bank accounts. The first account, titled Brown County EMA Grant, was opened on November 23, 2003. There were several transactions going into this account. Money solicited from South Central Indiana REMC's Membership Community Fund, Brown County Lions Club and others were deposited into this bank account. Disbursements were made from this account without appropriation by the County Council, without the preparation of claims, and without certification of the County Auditor or approval of the Board of County Commissioners. This account had a balance of \$2,381.08 as of June 30, 2005. The second account, titled Brown County Rescue was opened on March 18, 2005. The only transaction in this account was the initial deposit of \$445.00. These accounts have the same balances as of December 29, 2006.

EMERGENCY MANAGEMENT AGENCY  
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On August 10, 2006, Samuel R. Hall stated that these accounts were established for the Brown County EMT Association and Rescue and were not for the County. The applications for assistance from South Central Indiana REMC's Membership Community Fund which were found used the County's name and budget as sources of other funds available. Any grants or donations received by any office or department of the County are to be turned over to the County Auditor who will issue a receipt and account for the activity in the funds ledger. The Board of County Commissioners had passed Ordinance 10-18-99-01 establishing the Brown County Emergency Management Fund as a nonreverting fund to receive gifts. The nature of the transactions noted would indicate that they should have been recorded in this fund. We recommended these bank accounts be closed. The remaining monies should be deposited with the County Treasurer and accounted for by the County Auditor.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

REVIEW OF SUPPLIES PURCHASED

The vendor claims from Staples filed with the County Auditor were only supported by a statement or copies of invoices. There were purchases from Staples amounting to \$1,845.09 for the period January 1, 2004 to June 30, 2005. There were 12 printer cartridges purchased for a sum of \$579.29. The current Emergency Management Director stated that there are two printers in the office currently that use HP78/45 cartridges. Some of the purchases were not for these types of cartridges. There was no documentation to support the County's need for the other types of printer cartridges purchased. One claim was supported by a statement showing a \$300.61 credit balance, but \$300.61 was paid to Staples. This, at one time, created a credit of \$601.22. There were subsequent charges made to the County account that used this credit balance.

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 Counties, Chapter 1)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Many claims were submitted which only had a copy of an invoice rather than the original invoice or only a statement. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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 Counties, Chapter 1)

SERVICE AND TIME RECORDS

Some employee time, attendance, or service records were not maintained and presented for audit. There were several found filed with the County Auditor for 2004, but none since January 2005. Additionally, we noted instances when two time sheets were submitted by Samuel R. Hall for the same period that had conflicting information.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

ASSET OWNERSHIP

A 2004 Haulin Trailer was purchased for \$3,700.00 by the Brown County Emergency Management Agency in conjunction with a federal grant received from the Indiana Department of Homeland Security and the title was signed over to the Brown County Volunteer Fire Department. The fire department has 100% ownership of the trailer. A Field Coordinator with the Indiana Department of Homeland Security stated that any equipment or materials purchased with grant funds would be County property and should be accounted for as such; however, it was permissible that items could be kept anywhere that the County thought was appropriate to carry out the purposes of the grant.

Assets purchased by a governmental unit should be titled in the name of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

PUBLIC RECORDS RETENTION

Time sheets, vehicle logs, equipment records, grant agreements and original invoices were not presented for audit. There were very few original documents available.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, 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 Counties, Chapter 1)

EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY  
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TRAVEL CLAIMS

In some instances employees were reimbursed for travel expenses without original receipts attached to the claim. Meal reimbursements were based on a copy rather than the original receipt. Some of these indicated that they were for more than one person without noting the individual's name and business purpose of their meal. Some receipts include alcohol purchases. Some receipts included a tip of approximately 50%.

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 Counties, Chapter 1)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

Purchases of alcoholic beverages may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

TRAINING AND CONFERENCES

There were reimbursements of \$1,165.00 made for training and conference registrations for individuals who were not County employees. In addition, there was some lodging and other related expenses paid. The supporting documentation available for these purchases did not show the County's purpose for sending these individuals for training.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with Indiana Code 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

AUDIT COSTS - MISSPENT FUNDS AND MISSING EQUIPMENT

The State of Indiana incurred additional audit costs of \$25,642.26 in the investigation of misspent funds and missing equipment.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

BOND COVERAGE

The County has a public employees blanket bond covering all employees. The coverage amount is \$25,000. The period covered begins January 1, 2001, and continues in effect as long as premiums are paid.

EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 24, 2007, with Samuel R. Hall, former Emergency Management Director; and Jay Meisenhelder, Attorney for Samuel R. Hall.

The contents of this report were discussed on May 1, 2007, with Mari H. Miller, County Auditor; Stephanie Yager, President of the Board of County Commissioners; and James T. Roberts, County Attorney.

EMERGENCY MANAGEMENT AGENCY  
BROWN COUNTY  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Review of Equipment Purchased, Page 4	\$ 35,297.55	\$ -	\$ 35,297.55
Gasoline Purchases, Pages 4-5	2,633.22	-	2,633.22
Review of Parts Purchases, Page 5-6	67.78	-	67.78
Review of Vehicle Repairs, Page 6	39.95	-	39.95
Other Expenses, Pages 6-7	319.70	-	319.70
Penalties, Interest and Other Charges, Page 7	<u>17.44</u>	<u>-</u>	<u>17.44</u>
Totals	<u>\$ 38,375.64</u>	<u>\$ -</u>	<u>\$ 38,375.64</u>

