

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

EXAMINATION REPORT
OF
TIPTON COUNTY SENIOR CITIZENS CENTER
TIPTON COUNTY, INDIANA
January 1, 2004 to September 30, 2008



FILED
07/23/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director	Karen S. Dell Jannelle Bradford	01-01-04 to 06-30-08 07-01-08 to 08-31-09
Center Coordinator	Rachel Luttrell	09-01-09 to 12-31-09
Treasurer	Valarie Snyder Glen Harlow Karen King Esther Bagley	01-01-04 to 12-31-05 01-01-06 to 07-31-08 08-01-08 to 08-31-09 09-01-09 to 12-31-09
President of the Board of Directors	Frank Fritch George Ogden Karen King	01-01-06 to 12-31-07 01-01-08 to 08-31-09 09-01-09 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TIPTON COUNTY SENIOR
CITIZENS CENTER, TIPTON COUNTY, INDIANA

We have examined the records of the Tipton County Senior Citizens Center for the period of January 1, 2004 to September 30, 2008, 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 Examination Results and Comments.

STATE BOARD OF ACCOUNTS

October 13, 2009

TIPTON COUNTY SENIOR CITIZENS CENTER
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

Financial records presented for examination were incomplete and not reflective of the activity of the Tipton County Senior Citizens Center (Center). The records presented did not provide sufficient information to examine or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the accounts of the entity.

COMPENSATION AND BENEFITS

Karen S. Dell, former Director, received \$2,545.69 (net) in payments for the period January 1, 2004 to September 30, 2008, which were not included in the payroll system or properly identified and supported by paid receipts. These amounts were not included on any of the W-2s submitted to the Social Security Administration covering the reporting periods above.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements.

Supporting documentation such as receipts, cancelled checks, invoices, bills, contracts, etc., must be made available for examination to provide supporting information for the validity and accountability of monies received or disbursed.

Karen S. Dell, former Director, was requested to reimburse the Center \$2,545.69 in undocumented disbursements.

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$1,718.77 were paid to the Internal Revenue Service during 2006 and 2008. Penalties and interest totaling \$150.88 were paid to the Indiana Department of Revenue during 2004 and 2005. Due to the condition of the records presented, specific tax periods involved with the penalties and interest could not be determined.

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 governing body.

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 entity.

Any penalties, interest, or other charges paid by the Center may be the personal obligation of the responsible official or employee.

TIPTON COUNTY SENIOR CITIZENS CENTER
EXAMINATION RESULTS AND COMMENTS
(Continued)

TRANSACTION RECORDING

Some items, such as deposits and withdrawals to a passbook savings account, exceeding \$20,000 for the period January 1, 2004 to September 30, 2008, were not recorded in the financial records of the Center.

Due to the lack of supporting information, the validity and accountability for some monies received and disbursed could not be established.

All financial transactions pertaining to the entity should be recorded in the financial records of the entity.

DISBURSEMENT DOCUMENTATION

Numerous disbursements were observed which did not contain adequate supporting documentation.

Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established.

Supporting documentation such as receipts, cancelled checks, invoices, bills, contracts, etc., must be made available for examination to provide supporting information for the validity and accountability of monies received or disbursed.

OVERDRAWN CASH BALANCES – OVERDRAFT FEES ASSESSED

The cash balance of the Center was overdrawn 31.57% of the time at month end (18 out of 57 months) for the period January 1, 2004 to September 30, 2008. During that same time period, due to the overdrawn cash balances, the depository assessed and charged the Center's bank account 93 instances of nonsufficient funds charges (NSF) totaling \$2,630.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the Center.

The officials were advised that officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the entity.

Due to the number of repeated occurrences of NSF fees having been assessed against the Center, Karen S. Dell, former Director, was requested to reimburse the Center \$2,630 in NSF fees.

PERSONAL EXPENSES

During the period January 1, 2004 to September 30, 2008, the Center was paying cellular telephone bills which included as many as six separate cell phone numbers. Based on available information, there were only two cell phone numbers authorized for Center use (one for the Director and one for the transportation van driver). In discussing the cell phones with the officials and the former Director, it was determined that the other cell phone numbers were apparently being used by various members of Karen S. Dell's, former Director, family.

TIPTON COUNTY SENIOR CITIZENS CENTER
EXAMINATION RESULTS AND COMMENTS
(Continued)

In reviewing the charges and payments, it was determined that payments to the cell phone company exceeded applicable authorized cell phone charges by \$2,474.06.

Entity funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the entity. Any personal expenses paid by the entity may be the personal obligation of the responsible official or employee.

Karen S. Dell, former Director, was requested to reimburse the Center \$2,474.06 in unauthorized cell phone payments.

FEDERAL AND STATE AGENCIES - REPORTING REQUIREMENTS

The Center receives financial assistance from the City of Tipton and Tipton County. The Center did not file an Entity Annual Report (Form E-1) for 2004, 2005, 2006, or 2007.

Nongovernmental organizations (entities) receiving financial assistance from governmental sources in the form of subsidies or contributions, are required by IC 5-11-1-4 to file an Entity Annual Report (Form E1) with the State Board of Accounts. Upon review of Entity Annual Reports submitted, the State Board of Accounts will determine the entity's audit requirements.

EXAMINATION COSTS - MISSING FUNDS

The State of Indiana incurred additional examination costs in the investigation of missing funds.

Examination costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee.

TIPTON COUNTY SENIOR CITIZENS CENTER
EXIT CONFERENCE

The contents of this report were discussed on November 4, 2009, with Karen S. Dell, former Director. The official response has been made a part of this report and may be found on pages 8 and 9.

The contents of this report were discussed on November 17, 2009, with Karen King, President of the Board of Directors; Esther Bagley, Treasurer; Linda Winkleman, Board member; and Rachel Luttrell, Center Coordinator. The officials concurred with our findings.

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Aquilla Q. Jones
(1852-1926)
Edwin Steers
(1881-1977)
C. Severin Bushmann
(1996-1980)
Arthur J. Sullivan
(1909-1999)
Edwin K. Steers
(1915-1992)

November 9, 2009

Richard Cole
Official Response
State Board of Accounts
302 West Washington Street, Room E-418
Indianapolis, IN 46204-2765

Dear Mr. Cole:

Our firm represents Karen S. Dell. We wanted to make immediate response to the results and comments on your first draft report.

1. First let me let you know that my client worked under the authority and cooperation of the then board of directors. All checks required two (2) signatures as I understand it. There was good record keeping and proper procedure was followed by Mrs. Dell.
2. As you note in your report, the condition of financial records apparently are incomplete and not reflective of the activity when my client was there. We have been informed that numerous records were destroyed after she left and she cannot be held responsible for the incompetence of the successors who have destroyed records supporting her activity.
3. As to compensation and benefits, she received certain mileage reimbursement and other expense reimbursements. Again each of these were documented and signed off by two (2) approved signatories. Again we cannot agree that the fact that someone else has lost or destroyed records should result in any responsibility of my client due to the checks and balances that she underwent during the time she was there and the lack of access and control of records after she left.

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Richard Cole
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November 9, 2009

As to tax penalties, interest and other charges the organization did operate from time to time on marginal receipt of funds and no unreasonable fees were assessed in light of the parameters and money given her to work with.

As to the overdraft fees, due to cash flow, this was a standing arrangement with the bank personnel. Again appropriate records were kept and at all times two (2) signatories signed all appropriate entities. With management approval and appropriate check-offs these expenses are not appropriate to be assessed to Mrs. Dell.

Finally, let me note as to personal expenses it is unfortunate that the cell phone records are not readily available. Other members of Karen S. Dell's family were employed and cell phones were used by them. While Mrs. Dell is unaware of any personal use by other family members, if there was such an inadvertent use that will be investigated and repaid by her. As to the cost of missing records, the cost to Mrs. Dell because of the organization's failure to keep records after she left, it might well be she that has a cause of action against the organization for failure to preserve records.

Mrs. Dell has been a loyal and faithful long time employee operating under the parameters set forth by her board. It is disappointing that records kept by her were not appropriately preserved. As to the cell phones if you have any particular information that would be useful in figuring out whether or not there were any inadvertent family expenses that would be helpful to me.

Let me know if there are any other questions we can answer.

Cordially



Raymond M. Adler

RMA:klh

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TIPTON COUNTY SENIOR CITIZENS CENTER
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Karen S. Dell, former Director:			
Compensation and Benefits, page 4	\$ 2,545.69	\$ -	\$ 2,545.69
Overdrawn Cash Balances -			
Overdraft Fees Assessed, page 5	2,630.00	-	2,630.00
Personal Expenses, page 5 and 6	<u>2,474.06</u>	<u>-</u>	<u>2,474.06</u>
 Totals	 <u>\$ 7,649.75</u>	 <u>\$ -</u>	 <u>\$ 7,649.75</u>

AFFIDAVIT

STATE OF INDIANA)
)
_____ COUNTY)

I, William J. Bunch, Jr., Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Tipton County Senior Citizens Center, Tipton County, Indiana, for the period from January 1, 2004 to September 30, 2008, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 30 day of June, 2010



Notary Public

My Commission Expires: 1-13-12
County of Residence: Tipton