

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

EXAMINATION REPORT  
OF

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
MARION COUNTY, INDIANA

January 1, 2009 to December 31, 2009



**FILED**  
10/06/2010



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TOWN OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon L. Zishka	01-01-08 to 12-31-11
President of the Town Council	Eileen Fisher William Suffel	01-01-09 to 12-31-09 01-01-10 to 12-31-10
Water Utility Superintendent	Stephen Hurst	01-01-09 to 12-31-10
Wastewater Utility Superintendent	Norman Berry	01-01-09 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF SPEEDWAY, MARION COUNTY

We have examined the records of the Town of Speedway Redevelopment Commission for the period from January 1, 2009 to December 31, 2009, 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. The financial transactions of this office are reflected in the Examination Report of the Town of Speedway for the year 2009.

STATE BOARD OF ACCOUNTS

September 8, 2010

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
EXAMINATION RESULTS AND COMMENTS

SPEEDWAY REDEVELOPMENT COMMISSION EXPENSES

During 2009, the Town expended over \$144,000 for purchases, a contracted employee's salary, and reimbursements related to the Redevelopment Commission. A summary of expenditures is noted below:

National City Bank Credit Card Purchases:

<u>Travel</u>	<u>Telephone</u>	<u>Meals</u>	<u>Supplies</u>	<u>Postage</u>	<u>Miscellaneous</u>	<u>Totals</u>
\$ 5,048.13	\$ 738.12	\$ 3,243.55	\$ 3,813.39	\$ 817.10	\$ 7,521.94	\$ 21,182.23

Executive Director's Contracted Salary: 115,577.50

Expenses Reimbursed to Executive Director:

<u>Travel</u>	<u>Telephone</u>	<u>Meals</u>	<u>Supplies</u>	<u>Totals</u>
\$ 1,898.54	\$ 3,157.98	\$ 637.39	\$ 2,024.12	<u>7,718.03</u>

Total Redevelopment Commission Expenses \$ 144,477.76

A review of the expenditures above revealed numerous errors. Several credit card purchases were not supported by adequate documentation. The Executive Director was overpaid (see Overpayment of Contracted Salary - Executive Director). Some reimbursements claimed by the Executive Director, one of which was a duplicate reimbursement, also were not supported by adequate documentation. A similar comment appeared in prior Report B35461.

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. 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 Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

UNSUPPORTED CREDIT CARD PURCHASES - EXECUTIVE DIRECTOR

We identified thirty-nine instances where expenditures charged by the Executive Director to the Redevelopment Commission credit card were not supported by adequate documentation. Summaries attached to the credit card statements separated expenditures into six categories. Total unsupported credit card purchases by category are noted below:

<u>Travel</u>	<u>Telephone</u>	<u>Meals</u>	<u>Supplies</u>	<u>Postage</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 915.00	\$ 147.84	\$ 115.10	\$ 64.75	\$ 632.29	\$ 1,237.34	\$ 3,112.32

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. 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 Cities and Towns, Chapter 7)

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We requested Speedway Redevelopment Commission Executive Director, Scott Harris, to reimburse the Town of Speedway \$3,112.32 for unsupported redevelopment commission credit card purchases. On September 8, 2010, Scott Harris paid \$3,112.32 to the Town of Speedway for the unsupported redevelopment commission credit card purchases. (See Summary, page 11)

OVERPAYMENT OF CONTRACTED SALARY - EXECUTIVE DIRECTOR

We found four instances where the Redevelopment Commission Executive Director was paid twice for hours worked on a given day. We also noted one instance of overpayment due to a calculation error. The following is a schedule of these overpayments:

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

<u>Check Date</u>	<u>Check Number</u>	<u>Billed Dates</u>	<u>Hours Overpaid</u>	<u>Rate Per Hour</u>	<u>Total Overpaid</u>
04-13-09	1481	03-24-09 to 04-11-09	2.50	\$ 55.00	\$ 137.50
07-27-09	1522	06-27-09 to 07-02-09	1.50	55.00	82.50
07-27-09	1524	06-27-09 to 07-12-09	38.30	55.00	2,106.50
09-28-09	1559	09-02-09 to 09-25-09	2.50	55.00	137.50
04-13-09	1481		Calculation Error		0.50
Total of Overpayments					<u>\$ 2,464.50</u>

In the first instance, check number 1481 was issued to the Redevelopment Commission Executive Director, Scott Harris, on April 13, 2009, for hours worked from March 24, 2009 to April 11, 2009. However, we discovered that the previous payment issued to Executive Director Harris, check number 1475, already included 2.5 hours that were worked on March 24, 2009, thus, causing the overpayment on check number 1481. The next three instances were similar in nature. The last instance of overpayment was due to a calculation error.

During the course of our examination, Executive Director Harris provided us with two additional invoices for time worked. Director Harris did not turn these invoices in for payment. The total amount of the invoices was \$3,946.25. The invoices as provided to us had not been approved by the Commission Board, the Town Council, or the Clerk-treasurer; therefore, we did not include them in our calculations. However, if those invoices had been paid, after deducting the errors noted above, Director Harris would have been overpaid the maximum amount allowed on his contract by \$2,659.25.

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 Cities and Towns, Chapter 7)

We requested Speedway Redevelopment Commission Executive Director, Scott Harris, to reimburse the Town of Speedway \$2,464.50 for overpayment of his contracted salary. On September 8, 2010, Scott Harris paid \$2,464.50 to the Town of Speedway for the overpayment of his contracted salary. (See Summary, page 11)

UNSUPPORTED EXPENSE REIMBURSEMENTS - EXECUTIVE DIRECTOR

We identified six instances where expense reimbursements made to the Redevelopment Commission Executive Director, Scott Harris, were not supported by adequate documentation. We also discovered one store receipt that was reimbursed twice. Summaries attached to the accounts payable vouchers separated reimbursements into four different categories. Total unsupported expense reimbursements by category are noted in the schedule below:

<u>Travel</u>	<u>Meals</u>	<u>Supplies</u>	<u>Total</u>
\$ 63.50	\$ 27.98	\$ 313.04	\$ 404.52

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

All claims, invoices, receipts and accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. 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 Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

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We have requested Speedway Redevelopment Commission Executive Director, Scott Harris, to reimburse the Town of Speedway \$404.52 for unsupported redevelopment commission expense reimbursements. On September 8, 2010, Scott Harris paid \$404.52 to the Town of Speedway for unsupported redevelopment commission expense reimbursements. (See Summary, page 11)

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
EXIT CONFERENCE

The contents of this report were discussed on September 8, 2010, with Sharon L. Zishka, Clerk-Treasurer; Scott Harris, Redevelopment Commissioner Executive Director; and James M. Gutting, Town Attorney. The official response has been made a part of this report and may be found on pages 9 and 10.

# CIVIL TOWN OF SPEEDWAY

1450 NORTH LYNHURST DRIVE

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**TOWN COUNCIL**  
EILEEN FISHER  
JEFF S. HARTMAN  
LU HILLMER  
GARY L. RAIKES  
WILLIAM SUFFEL

**TOWN CLERK-TREASURER**  
SHARON L. ZISHKA

**TOWN MANAGER**  
BARBARA A. LAWRENCE

September 22, 2010

Mr. Bruce Hartman  
State Board of Accounts  
Room E418  
302 West Washington  
Indianapolis, IN 46204

*Re: Audit Response to Town of Speedway, Redevelopment Commission Audit*

Dear Mr. Hartman:

This letter constitutes the audit response to the audit report of the Town of Speedway Redevelopment Commission and the exit conference conducted September 8, 2010. The following is the Commission's response to the individual audit filing:

1. Speedway Redevelopment Commission Expenses

The audit finding reflects the general record condition from the prior audit report to the exit conference held in 2009 reflecting that audit report. Changes for unsupported claims were largely contained in that period before the auditor discussed what comprised "detailed supporting documentation". Since that period the Executive Director has provided full documentation and the process has improved drastically. The current auditor acknowledged the improved recordkeeping and discussed in detail the additional observations resulting from the current process. Every effort will be made to fully comply with the documentation requirements.

2. Unsupported Credit Card Purchase – Redevelopment Commission Executive Director

A review of the credit card supporting documentation is referenced and responded to in Item 1 above. In addition, all expenditures were for Commission purposes. The Executive Director has repaid all invoices that were not fully documented in the judgment of the auditor. The Executive Director is working to obtain backup documentation and will submit fully documents invoices for reimbursement.

3. Overpayment of Contract Salary – Redevelopment Commission Executive Director

The claims submitted to the Clerk-Treasurer for payment inadvertently contained duplicate isolated hours due to overlapping invoices. The overpayments have been reimbursed by the Executive Director in full.

Other instances were brought to light where claims and hours were not reimbursed. The Executive Director will present properly documented claims for unpaid compensation consistent with Town procedures and in accordance with a new contract as adopted on September 20, 2010.

4. Unsupported Expense Reimbursements – Redevelopment Commission Executive Director

A review of the expense reimbursements supporting documentation is referenced and responded to in Item 1 above. In addition, the Executive Director reimbursed the Commission for the detailed invoices in question and will obtain any available backup documentation to resubmit the claims for payment with complete documentation.

Certain modifications to the Executive Director's contract have been made to provide for an allowance on local travel and parking and eliminate the issue of documentation where no documentation may exist (i.e. parking meters downtown). The contract of the Executive Director was modified September 20, 2010.

Respectfully submitted,



Sharon L. Zishka, Clerk-Treasurer

TOWN OF SPEEDWAY  
REDEVELOPMENT COMMISSION - SPECIAL  
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Scott Harris, Redevelopment Commission Executive Director:			
Unsupported Credit Card Purchases, page 5	\$ 3,112.32	\$ 3,112.32	\$ -
Overpayment of Contracted Salary, pages 5 and 6	2,464.50	2,464.50	-
Unsupported Expense Reimbursements, pages 6 and 7	<u>404.52</u>	<u>404.52</u>	<u>-</u>
 Totals	 <u>\$ 5,981.34</u>	 <u>\$ 5,981.34</u>	 <u>\$ -</u>