

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

EXAMINATION REPORT
OF
PIKE TOWNSHIP - SPECIAL
MARION COUNTY, INDIANA
October 1, 2010 to June 28, 2012



FILED
05/16/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Township Officials	2
Transmittal Letter	3
Examination Results and Comments:	
Misuse of Fuel Card	4-5
Internal Controls	5
Employee Crime Insurance Coverage	5
Exit Conference.....	6
Summary of Charges	7
Affidavit	9

TOWNSHIP OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lula Patton	01-01-07 to 12-31-14
Chairman of the Township Board	Charles Thornton David Willis	01-01-10 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PIKE TOWNSHIP, MARION COUNTY

The State Board of Accounts has conducted a special examination in accordance with Indiana Code 5-11-1-27. Indiana Code 5-11-1-27 requires that governmental units report immediately to the State Board of Accounts all "erroneous or irregular variances, losses, shortages or thefts of local government funds or property." Following the report of such occurrence:

"The state board of accounts shall:

- (1) determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials;
- (2) determine the internal control weakness that contributed to or caused the condition; and
- (3) make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing:
 - (A) the method of correcting the condition; and
 - (B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition."

The Pike Township officials provided information to the State Board of Accounts on July 25, 2012, which indicated a possible misappropriation of funds. The State Board of Accounts conducted a special examination of the records in question. Our review of the possible misappropriation of funds covered the period October 1, 2010 to June 28, 2012. We have reported our findings on the amount of funds involved and the internal control weaknesses that contributed to or caused the condition in this report. A separate management letter dated January 16, 2013, was provided to governmental officials with recommendations on the necessary control policies and procedures that must be modified to prevent a recurrence of the condition.

STATE BOARD OF ACCOUNTS

January 16, 2013

PIKE TOWNSHIP, MARION COUNTY
EXAMINATION RESULTS AND COMMENTS

MISUSE OF FUEL CARD

Township officials identified discrepancies in the use of a fuel card for one Township vehicle. The Township conducted an investigation and came to the determination that the fuel card was inappropriately used for personal use. They have appropriately filed paperwork with their insurance company to try to recover the loss; however, as of January 16, 2013, the insurance company had not provided any funds. The Township officials provided a "Release and Assignment" agreement from the insurance company at the date of our exit conference; however, the Township had not received any funds.

Information was provided to the State Board of Accounts on May 25, 2012, concerning possible fraudulent activity. During our review, we were able to verify that Nicki Robinson, former Administrative Assistant, used a Township fuel card for personal use. Based on our review, the personal use of the fuel card began on March 9, 2011, and continued until June 28, 2012. We used three different methods for determining the personal use. Those are described below:

- The fuel card that was used to make these purchases was assigned to a specific Township vehicle with a 19 gallon gas tank. Purchases made for more than 19 gallons from March 9, 2011 through June 28, 2012, were considered questionable.
- Purchases made outside of scheduled work hours were considered questionable. The Township vehicle in question was not a take home vehicle, but a vehicle that should have been only used for administrative duties during work hours.
- Odometer readings were to be entered into the gas pump at the time of refueling. When odometer readings did not coincide with the sequence of the odometer readings for the specific Township vehicle, the purchase was considered questionable.

Each Township employee was issued a personal identification number. We identified 44 instances of possible misuse based on the criteria above when Nicki Robinson's personal identification number was used. Additionally, the Township provided for examination video tapes of Ms. Robinson filling up her personal vehicle, in 3 different instances, with a time stamp that matched the time that the Township fuel card was used with her personal identification number. Below is the summary of the personal use identified:

Purchases made for greater than 19 gallons	\$ 2,900.60
Purchases made outside work hours	221.48
Odometer readings not in sequence	<u>119.11</u>
Total	<u>\$ 3,241.19</u>

Due to the number of occurrences in which Nicki Robinson's number was used when misuse was identified, as well as the video evidence presented for examination, we made the determination that Nicki Robinson, former Administrative Assistant, misused the Township fuel card and charged personal expenses in the amount of \$3,241.19.

Due to the misuse of the Township fuel card, we requested repayment of \$3,241.19 from Nicki Robinson, former Administrative Assistant. (See Summary of Charges, page 7)

PIKE TOWNSHIP, MARION COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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 Townships, Chapter 13)

INTERNAL CONTROLS

The following weaknesses in internal controls over credit cards could have contributed to the misuse of the Township fuel card.

- The Township had no formal written credit card policy that was made known to each employee. In place was a verbal policy and instructions of credit card and fuel card uses.
- Employees' personal identification numbers used at the gas pumps were easily known to other employees.
- Former employees were not taken off the authorized list of users.
- Odometer readings entered at the gas pumps were not always accurately reported.
- Although the monthly statements were reviewed, fluctuations in number of purchases per vehicle per month were not initially investigated.
- Although the monthly statements were reviewed, odometer reading exception reports, which occur when mileage was reported out of sequence, were not initially investigated.
- Credit cards were placed in the vehicle for easy access to all employees.

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. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

EMPLOYEE CRIME INSURANCE COVERAGE

The following is a schedule of employee crime insurance coverage the Township obtained that includes coverage for Nicki Robinson, former Administrative Assistant:

Surety	Period of Coverage	Policy Amount
American Alternative Insurance Corporation	05-11-10 to 05-11-11	\$ 100,000
American Alternative Insurance Corporation	05-11-11 to 05-11-12	250,000
American Alternative Insurance Corporation	05-11-12 to 05-11-13	250,000

PIKE TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 16, 2013, with Lula Patton, Trustee; David Willis, Chairman of the Township Board; Margo Byrns, Director of Human Services; Robert Smith, Fire Chief; and Gerald George, Division Chief.

The contents of this report were discussed on February 21, 2013, with Nicki Robinson, former Administrative Assistant.

PIKE TOWNSHIP, MARION COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Nicki Robinson, former Administrative Assistant: Misuse of Fuel Card, pages 4 and 5	<u>\$ 3,241.19</u>	<u>\$ -</u>	<u>\$ 3,241.19</u>

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

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AFFIDAVIT

STATE OF INDIANA)
Madison COUNTY)

We, Stephanie Wendel, Field Examiner, and Sommer Cannon, Field Supervisor, being duly sworn on our oath, state that the foregoing report based on the official records of Pike Township, Marion County, Indiana, for the period from October 1, 2010 to June 28, 2012, is true and correct to the best of our knowledge and belief.

Stephanie M Wendel
Field Examiner

Sommer M. Cannon
Field Supervisor

Subscribed and sworn to before me this 23 day of APRIL, 2013.

Gayla Garret
Notary Public

My Commission Expires: 10-25-17

County of Residence: MADISON

