

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

SPECIAL INVESTIGATION REPORT

OF

COUNTY AUDITOR

OWEN COUNTY, INDIANA

January 1, 2001 to December 31, 2014



FILED
02/13/2015

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OWEN COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Bobby Hall	01-01-01 to 12-31-04
	Angie M. Lawson	01-01-05 to 12-31-12
	Michael L. Wood	01-01-13 to 12-31-16
President of the Board of County Commissioners	Wiley Truesdel	01-01-01 to 12-31-01
	Byron Stockwell	01-01-02 to 12-31-03
	Herb Ranard Jr.	01-01-04 to 12-31-04
	Wiley Truesdel	01-01-05 to 12-31-08
	George Jennings	01-01-09 to 12-31-12
	Donnie Minnick	01-01-13 to 12-31-15
President of the County Council	Terry McDaniel	01-01-01 to 12-31-02
	Patty Edwards	01-01-03 to 12-31-06
	Michael L. Wood	01-01-07 to 12-31-12
	Patty Steward	01-01-13 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF OWEN COUNTY

We have conducted a special investigation of the records of the County Auditor, for the period from January 1, 2001 to December 31, 2014. Our investigation was limited to the following records; check disbursements for vendors and payroll including any claims, supporting documentation, and payroll records. The purpose of our investigation was to determine if the accountability for check disbursements for vendors and payroll and the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary of Charges as listed in the Table of Contents. Any further action deemed necessary as a result of this report, is solely at the discretion of the United States Attorney General, the Indiana Attorney General, and the special appointed Prosecuting Attorney.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 12, 2015

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

UNAUTHORIZED PERSONAL CREDIT CARD PURCHASES

Angie M. Lawson, former County Auditor and employee, used numerous credit cards issued in the name of the County for unauthorized personal purchases between June 11, 2009 and July 30, 2014. Personal items such as food, alcohol, gift cards, toys, miscellaneous grocery, clothing, jewelry, sales tax, batteries, miscellaneous, merchandise consumables, and miscellaneous supplies were all charged to various County credit cards as follows:

Card Number	2009	2010	2011	2012	2013	2014	Totals
22	\$ -	\$ -	\$ -	\$ 28,353.04	\$ 41,487.65	\$ 35,517.95	\$ 105,358.64
54	9,363.13	14,478.46	16,500.65	9,651.84	-	-	49,994.08
58	9,458.00	13,545.91	9,890.99	17,895.32	15,504.98	7,839.11	74,134.31
59	-	8,963.00	12,434.50	8,974.31	10,255.89	-	40,627.70
61	4,132.85	13,336.17	17,549.90	15,972.52	11,991.99	13,057.98	76,041.41
Totals	<u>\$ 22,953.98</u>	<u>\$ 50,323.54</u>	<u>\$ 56,376.04</u>	<u>\$ 80,847.03</u>	<u>\$ 79,240.51</u>	<u>\$ 56,415.04</u>	<u>\$ 346,156.14</u>

We determined checks were issued from County funds for payment of the unauthorized personal credit card purchases listed above. There was no supporting documentation such as receipts and or invoices to support the credit card purchases. We also determined the payments were not supported by a claim and were not approved by the Board of County Commissioners. The County does not have a formal policy governing the use of credit cards.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

The Indiana State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.

COUNTY AUDITOR
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SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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 County Auditors of Indiana, Chapter 14)

Angie M. Lawson, former County Auditor and employee, was requested to reimburse Owen County in the amount of \$346,156.14 for unauthorized personal credit card purchases. (See Summary of Charges, page 16)

EMPLOYEE BENEFIT PAYMENTS NOT PROPERLY WITHHELD FROM EMPLOYEE COMPENSATION

Angie M. Lawson, former County Auditor and employee, began employment with the County on April 17, 2000, in the County Auditor's Office. She was elected to the position of County Auditor from January 1, 2005 until December 31, 2012. In January of 2013, after her term as County Auditor ended, she was retained in the County Auditor's Office as an employee. During her tenure in the County Auditor's Office, she had access to the payroll system used by the County Auditor's Office. Starting in 2001, Angie M. Lawson had enrolled in various types of insurance and prepaid legal services, but did not properly withhold the employee benefit amounts required to be paid by County employees. According to the invoices from the insurance and benefit companies, she had not made any changes to her benefits during her tenure.

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

The employee benefit payments required to be paid, the amounts actually withheld, and the net underpayment of employee benefits is shown in the tables below:

2001			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 3,392.88	\$ 2,980.14	\$ 412.74
Employee/spouse dental and vision	230.40	-	230.40
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	550.80	550.80	-
Employee/spouse AFLAC	225.60	218.52	7.08
Totals	<u>\$ 4,399.68</u>	<u>\$ 3,749.46</u>	<u>\$ 650.22</u>
2002			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 4,116.31	\$ -	\$ 4,116.31
Employee/spouse dental and vision	247.19	-	247.19
Employee/spouse prepaid legal service	95.70	-	95.70
Employee/spouse life insurance	-	-	-
Employee/spouse AFLAC	225.60	-	225.60
Totals	<u>\$ 4,684.80</u>	<u>\$ -</u>	<u>\$ 4,684.80</u>
2003			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 4,772.76	\$ -	\$ 4,772.76
Employee/spouse dental and vision	249.96	-	249.96
Employee/spouse prepaid legal service	191.40	-	191.40
Employee/spouse life insurance	-	-	-
Employee/spouse AFLAC	225.60	-	225.60
Totals	<u>\$ 5,439.72</u>	<u>\$ -</u>	<u>\$ 5,439.72</u>
2004			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 5,190.72	\$ -	\$ 5,190.72
Employee/spouse dental and vision	362.40	-	362.40
Employee/spouse prepaid legal service	191.40	-	191.40
Employee/spouse life insurance	-	-	-
Employee/spouse AFLAC	522.60	466.20	56.40
Totals	<u>\$ 6,267.12</u>	<u>\$ 466.20</u>	<u>\$ 5,800.92</u>

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

2005			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 5,190.72	\$ -	\$ 5,190.72
Employee/spouse dental and vision	393.12	-	393.12
Employee/spouse prepaid legal service	191.40	-	191.40
Employee/spouse life insurance	-	-	-
Employee/spouse AFLAC	621.60	621.60	-
Totals	<u>\$ 6,396.84</u>	<u>\$ 621.60</u>	<u>\$ 5,775.24</u>

2006			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 5,191.68	\$ -	\$ 5,191.68
Employee/spouse dental and vision	416.64	-	416.64
Employee/spouse prepaid legal service	191.40	-	191.40
Employee/spouse life insurance	-	-	-
Employee/spouse AFLAC	621.60	621.60	-
Totals	<u>\$ 6,421.32</u>	<u>\$ 621.60</u>	<u>\$ 5,799.72</u>

2007			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 4,673.76	\$ -	\$ 4,673.76
Employee/spouse dental	324.48	-	324.48
Employee/spouse vision	70.08	-	70.08
Employee/spouse prepaid legal service	63.80	-	63.80
Employee/spouse life insurance	-	-	-
Employee/spouse AFLAC	621.60	621.60	-
Totals	<u>\$ 5,753.72</u>	<u>\$ 621.60</u>	<u>\$ 5,132.12</u>

2008			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 5,640.24	\$ 348.60	\$ 5,291.64
Employee/spouse dental	324.48	-	324.48
Employee/spouse vision	70.08	-	70.08
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	1,526.94	848.40	678.54
Employee/spouse AFLAC	621.60	273.00	348.60
Totals	<u>\$ 8,183.34</u>	<u>\$ 1,470.00</u>	<u>\$ 6,713.34</u>

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

2009			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 6,222.96	\$ 418.32	\$ 5,804.64
Employee/spouse dental	324.48	-	324.48
Employee/spouse vision	70.08	-	70.08
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	2,035.92	1,018.08	1,017.84
Employee/spouse AFLAC	621.60	203.28	418.32
Totals	<u>\$ 9,275.04</u>	<u>\$ 1,639.68</u>	<u>\$ 7,635.36</u>
2010			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 6,916.32	\$ 261.45	\$ 6,654.87
Employee/spouse dental	301.44	-	301.44
Employee/spouse vision	77.04	-	77.04
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	2,035.92	601.88	1,434.04
Employee/spouse AFLAC	621.60	122.05	499.55
Totals	<u>\$ 9,952.32</u>	<u>\$ 985.38</u>	<u>\$ 8,966.94</u>
2011			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 7,058.16	\$ 296.31	\$ 6,761.85
Employee/spouse dental	301.44	-	301.44
Employee/spouse vision	77.04	-	77.04
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	2,035.92	426.36	1,609.56
Employee/spouse AFLAC	621.60	143.99	477.61
Totals	<u>\$ 10,094.16</u>	<u>\$ 866.66</u>	<u>\$ 9,227.50</u>
2012			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 5,818.08	\$ 52.29	\$ 5,765.79
Employee/spouse dental	301.44	-	301.44
Employee/spouse vision	80.16	-	80.16
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	2,035.92	45.24	1,990.68
Employee/spouse AFLAC	621.60	25.41	596.19
Totals	<u>\$ 8,857.20</u>	<u>\$ 122.94</u>	<u>\$ 8,734.26</u>

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

2013			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 6,759.60	\$ 418.32	\$ 6,341.28
Employee/spouse dental	301.44	-	301.44
Employee/spouse vision	80.16	-	80.16
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	2,035.92	601.92	1,434.00
Employee/spouse AFLAC	621.60	203.28	418.32
Totals	<u>\$ 9,798.72</u>	<u>\$ 1,223.52</u>	<u>\$ 8,575.20</u>

2014			
	Payments required by employee through payroll withholding	Amounts withheld from employee compensation	Underpayment of employee withholdings
Employee/spouse health	\$ 4,927.49	\$ 418.32	\$ 4,509.17
Employee/spouse dental	200.96	-	200.96
Employee/spouse vision	53.44	-	53.44
Employee/spouse prepaid legal service	-	-	-
Employee/spouse life insurance	1,357.28	401.28	956.00
Employee/spouse AFLAC	414.40	135.52	278.88
Totals	<u>\$ 6,953.57</u>	<u>\$ 955.12</u>	<u>\$ 5,998.45</u>

Summary underpayment of employee withholdings		
Years		
2001	\$	650.22
2002		4,684.80
2003		5,439.72
2004		5,800.92
2005		5,775.24
2006		5,799.72
2007		5,132.12
2008		6,713.34
2009		7,635.36
2010		8,966.94
2011		9,227.50
2012		8,734.26
2013		8,575.20
2014		5,998.45
Total	\$	<u>89,133.79</u>

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Salaries and wages of officers and employees are subject to withholding for federal, state and county (local option) income taxes, social security and contributions to retirement programs established pursuant to Indiana laws. In addition, deductions may be made for insurance premiums, charitable contributions, purchase of United States enumerated in IC 22-2-6-2, where agreed to by the employer and a written assignment is personally signed by the employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 6)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

Angie M. Lawson, former County Auditor and employee, was requested to reimburse Owen County in the amount of \$89,133.79 for employee benefit payments not properly withheld from employee compensation. (See Summary of Charges, page 16)

OVERPAYMENT OF COMPENSATION

Payroll for Angie M. Lawson, former County Auditor and employee, was reviewed for the years 2007 through 2014. Due to miscalculations, payments were not always made in accordance to the annual allowable salary. The net result is an overpayment of compensation for the time period as shown below:

Years	Position	Over (Under) Payment
2007	County Auditor	\$ -
2008	County Auditor	633.38
2009	County Auditor	(129.23)
2010	County Auditor	129.23
2011	County Auditor	(0.32)
2012	County Auditor	130.20
2013	Deputy Auditor	128.68
2014	Deputy Auditor	227.57
Net Overpayment		\$ 1,119.51

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Angie M. Lawson, former County Auditor and employee, was requested to reimburse Owen County in the amount of \$1,119.51 for overpayment of compensation. (See Summary of Charges, page 16)

INTERNAL CONTROL OVER DISBURSEMENTS AND PAYROLL

We noted several deficiencies in the internal control system of the County related to disbursements and payroll. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: The County has not separated incompatible activities related to disbursements. County claims were being prepared and paid outside the normal claims process, without proper supporting documentation, certification, and approval by the Board of County Commissioners.
2. Override of Controls: Internal controls were in place over payroll. Controls over deductions were overridden in the payroll system by changing the amounts required to be withheld for one (1) employee.

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. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ADDITIONAL SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs, in the amount of \$99,844.85, due to the special investigation of Angie M. Lawson, former County Auditor and employee.

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

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Angie M. Lawson, former County Auditor and employee, was requested to reimburse the State of Indiana \$99,844.85 for additional special investigation costs. (See Summary of Charges, page 16)

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

CRIME INSURANCE POLICY AND OFFICIAL BOND

Angie M. Lawson, former County Auditor, was covered by an official bond as follows:

<u>Insurance Company</u>	<u>Bond Period</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Charges per bond</u>
Western Surety Company	01-01-06 to 12-31-08	54192631	\$ 15,000.00	\$ 18,278.56
Western Surety Company	01-01-09 to 12-31-12	54192631	15,000.00	99,620.14
Western Surety Company	01-01-11 to 12-31-11	54192631	15,000.00	See amount below
Western Surety Company	08-08-11 to 12-31-11	54192631	30,000.00	69,577.91
Western Surety Company	01-01-12 to 12-31-12	54192631	30,000.00	85,522.81

Angie M. Lawson, former County employee, was covered by a crime insurance policy as follows:

<u>Insurance Company</u>	<u>Policy Period</u>	<u>Policy Number</u>	<u>Amount</u>	<u>Charges per bond</u>
Employers Mutual Casualty Company	03-08-12 to 03-08-13	3S6-93-61-13	\$ 50,000.00	\$ 12,356.53
Employers Mutual Casualty Company	03-08-13 to 03-08-14	3S6-93-61-14	50,000.00	87,506.49
Employers Mutual Casualty Company	03-08-14 to 03-08-15	3S6-93-61-15	50,000.00	41,196.10

The County received \$50,000 from Employers Mutual Casualty Company on January 6, 2015, from Policy 3S6-93-61 covering 03-08-14 to 03-08-15 with a loss date of 07-22-14.

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

ONGOING INVESTIGATION

Due to an ongoing Indiana State Police investigation of Angie M. Lawson, former County Auditor and employee, more charges could be uncovered at a later date.

SUPPORTING DOCUMENTATION

Claims tested from May 2009 through August 2014 for supplies, conferences, and lodging, etc., totaling \$20,481.95 were observed which did not contain adequate supporting documentation such as receipts, invoices, and other public records.

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, cancelled 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 County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

The County paid penalties, interest, and other charges to various vendors July 2013 through December 2013 because the County did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. 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. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

ERRORS ON CLAIMS - NO FISCAL OFFICER APPROVAL

Several claims tested from March 2009 through June 2014 were paid without the proper signatures such as the Department Head or County Auditor to certify the attached invoices, bills are correct and that the materials or services itemized were ordered and received.

One of the most important duties of the county auditor, as the title of the office implies, is to audit all claims and vouchers prior to their allowance and payment. It is not expected that the county auditor personally supervise the performance of all work or the delivery of all goods, but to insure a claim or voucher is proper, the following minimum audit steps should be observed:

1. Determine the claim or voucher is properly itemized and verified and, where required, that it is properly supported by freight bills, delivery tickets, or other supporting documents acknowledging delivery of the goods or services.
2. If for personal services, determine that salaries or rates of wages are in strict accordance with those fixed by the county council or by the board or officer having jurisdiction.
3. Determine that prices charged are in accordance with contracts awarded, where applicable, and that statutory authority exists for payment of the claim or voucher.
4. Verify the correctness of the extension on each item, where based on quantity and unit price, and add the detail items to see that the total is correct.
5. Be sure the claim or voucher has been approved by the officer or department head receiving the goods or services and allowed by the board of county commissioners, the court, or such other board or officer authorized by law to allow the claim or voucher.

It is the duty of the county auditor after auditing each claim or voucher to certify to the correctness of the claim or voucher in the space provided thereon before such claim or voucher is submitted to the board of county commissioners for its consideration or, in the case of other claims or vouchers, before such claims or vouchers are paid. [IC 5-11-10-2]

Each claim or voucher must be approved by the officer or department head receiving the merchandise or services in the space provided on the claim or voucher. In counties having a purchasing department, where a signed receiving memorandum is furnished the auditor and becomes a part of the claim or voucher, further approval is not required. [IC 5-11-10-2] (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

COUNTY AUDITOR
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

OVERPAYMENT OF ELECTED OFFICIALS

Salaries for elected officials were reviewed for the years 2007 through 2013. There were no salary ordinances available for examination for the years reviewed. It has been the practice of the County to approve the salary and wages based on the Statement of Salaries and Wages Proposed to be Paid Officers and Employees (Form 144). Due to calculations being made using a daily rate at year end, payments made were not always in accordance with the amounts included on the Form 144s. We recommend the County request reimbursement from any elected official who has been overpaid for the years 2007 through 2013.

Indiana Code 36-2-5-11(c) states in part:

"At its annual meeting under Indiana Code 36-2-3-7(b)(2), the county fiscal body shall consider the statements and recommendations submitted by the county executive under section 4(b) of this chapter and shall then adopt an ordinance, separate from those adopted under subsection (b), fixing:

- (1) the compensation of all officers, deputies and other employees subjected to this chapter . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

COUNTY AUDITOR
OWEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2015, with Michael L. Wood, County Auditor; Donnie Minnick, President of the Board of County Commissioners; and Patty Steward, President of the County Council.

COUNTY AUDITOR
OWEN COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Angie M. Lawson, former County Auditor and employee:			
Unauthorized Personal Credit Card Purchases, pages 4 and 5	\$ 346,156.14	\$ -	\$ 346,156.14
Employee Benefit Payments Not Properly Withheld From			
Employee Compensation, pages 5 through 10	89,133.79	-	89,133.79
Overpayment of Compensation, pages 10 and 11	1,119.51	-	1,119.51
Crime Insurance Policy and Official Bond, page 12	<u>-</u>	<u>50,000.00</u>	<u>(50,000.00)</u>
Total before additional special investigation costs	436,409.44	50,000.00	386,409.44
Additional Special Investigation Costs, page 11	<u>99,844.85</u>	<u>-</u>	<u>99,844.85</u>
Totals	<u>\$ 536,254.29</u>	<u>\$ 50,000.00</u>	<u>\$ 486,254.29</u>

This report was forwarded to the Office of the Indiana Attorney General, United States Attorney General, and special appointed Prosecuting Attorney.

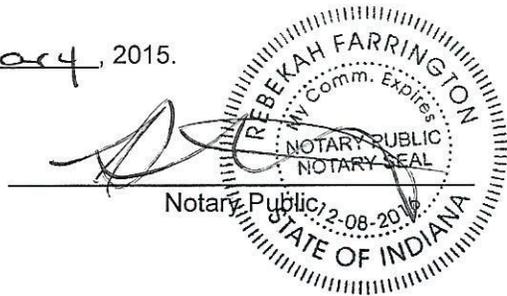
AFFIDAVIT

STATE OF INDIANA)
)
Vigo COUNTY)

We, Annette Ladson and Lynne Spencer, Auditors-In-Charge, being duly sworn on our oaths, state that the foregoing report based on the official records as described in our letter to the officials of the County Auditor, Owen County, Indiana, for the period from January 1, 2001 to December 31, 2014, is true and correct to the best of our knowledge and belief.

Lynne Spencer
Annette Ladson
Auditors-In-Charge

Subscribed and sworn to before me this 13th day of February, 2015.



My Commission Expires: 12-8-16

County of Residence: Vermillion