

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

SPECIAL INVESTIGATION
OF

BUILDING COMMISSIONER AND
AREA PLANNING DEPARTMENTS
RANDOLPH COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
03/10/2015

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials.....	2
Transmittal Letter	3
Special Investigation Results and Comments:	
Cash Receipts Not Remitted	4
Overpayment of Salary.....	5
Internal Controls Over Cash Receipts.....	5-6
Deposits Not Made Timely	6
Crime Insurance	6
Exit Conference.....	7
Official Response	8-11
Summary of Charges	12
Affidavit	13

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Building Commissioner	Keith Pew	01-01-13 to 12-31-13
	(Vacant)	01-01-14 to 03-07-14
	Keith Pew	03-08-14 to 06-01-14
	Randy Abel	06-02-14 to 12-31-15
Area Planning Executive Director	Jamie Stump	01-01-13 to 05-22-14
	(Vacant)	05-23-14 to 06-03-14
	Josey Fields	06-04-14 to 08-01-14
	(Vacant)	08-02-14 to 08-03-14
County Auditor	William Richmond	08-04-14 to 12-31-15
	Mary Ann Lenkensdofer	01-01-11 to 12-31-18
President of the County Council	Max Holaday	01-01-13 to 12-31-13
	Gary Friend	01-01-14 to 01-01-15
President of the Board of County Commissioners	Bill Terrell	01-01-13 to 12-31-13
	Michael Wickersham	01-01-14 to 01-01-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF RANDOLPH COUNTY

We have conducted a special investigation of the records of the Building Commissioner and Area Planning Departments for the period from January 1, 2013 to December 31, 2014. Our investigation was limited to the following records: receipts issued by the Building Commissioner and the Area Planning Departments; quietus' issued by the County Auditor; Report of Collections prepared by the Building Commissioner and Area Planning Departments; Employee Service Record; Payroll Schedule and Voucher and a personal calendar of former Area Planning Executive Director. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that 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 Official Response included in this report has not been examined or verified for its accuracy.

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

February 2, 2015

BUILDING COMMISSIONER AND AREA PLANNING DEPARTMENTS
RANDOLPH COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

CASH RECEIPTS NOT REMITTED

The Building Commissioner and Area Planning Departments collect fees for registrations, building permits, and area planning permits. Cash collections for registrations and building permits received by Josey Fields, former Building Commissioner Secretary, and area planning permits received by Jamie Stump, former Area Planning Executive Director, from January 1, 2013 to December 31, 2014, were not always remitted to the County Auditor.

A receipt was prepared by the Building Commissioner and the Area Planning Department employees each time money for a permit or registration was collected. Notations were made on the receipt to indicate if the payment received was cash or check. Collections were periodically remitted to the County Auditor for receipt and eventual deposit. Monthly "Reports of Collections" were prepared to document funds remitted.

The monthly Report of Collections for the Building Commissioner Department did not agree with the total collections turned over to the County Auditor or with the receipts issued for the period reported.

The monthly Reports of Collections for the Area Planning Department agreed with the total collections turned over to the County Auditor. This report listed the receipt numbers included in the collections; however, some receipt numbers issued by the Area Planning Department were missing from the report.

Receipts issued by the Building Commissioner and Area Planning Departments exceeded the money turned in to the County Auditor for deposit by \$6,179. Further investigation revealed that cash collections received by Josey Fields, former Building Commissioner Secretary, and Jamie Stump, former Area Planning Executive Director, in the amounts of \$6,054 and \$125, respectively, were not remitted to the County Auditor.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . .

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

We requested Josey Fields, former Building Commissioner Secretary, and Jamie Stump, former Area Planning Executive Director, reimburse Randolph County in the amount of \$6,054 and \$125, respectively, for collections not remitted to the County Auditor. (See Summary of Charges, page 12)

On February 11, 2015, Jamie Stump, former Area Planning Executive Director, paid \$125 to the County as reimbursement for the above collections not remitted.

BUILDING COMMISSIONER AND AREA PLANNING DEPARTMENTS
RANDOLPH COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

OVERPAYMENT OF SALARY

Jamie Stump, former Area Planning Executive Director, was the Area Planning Executive Director from December 31, 2012 to May 22, 2014. During the period from January 2, 2014 until May 9, 2014, her personal calendar, obtained from the County Attorney as audit evidence, indicated Jamie Stump, former Area Planning Executive Director, worked for 49.5 hours over 13 different days. Jamie Stump, former Area Planning Executive Director's Employee Service Record and Payroll Schedule and Voucher indicated she had worked 112 hours during the same days. This resulted in her being compensated for 62.5 hours for service that was not provided, at a rate of \$16.37 per hour, for a total overpayment of gross payroll of \$1,023.13. Employee benefits paid for the 62.5 hour difference totaled \$192.86. The overpayment of gross payroll and employee benefits paid for hours not worked totaled \$1,215.98.

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 of Indiana, Chapter 1)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

We requested Jamie Stump, former Area Planning Executive Director, reimburse Randolph County in the amount of \$1,215.98. On February 11, 2015, Jamie Stump, former Area Planning Executive Director, paid \$1,215.98 to the County as reimbursement for the above overpayments. (See Summary of Charges, page 12)

INTERNAL CONTROLS OVER CASH RECEIPTS

Procedures in place related to the collection of Building Commissioner and Area Planning fees and remittance of these collections to the County Auditor lacked sufficient internal controls.

All money remitted to the County should first go to the County Treasurer instead of the Auditor. Procedures outlined in Indiana Code 36-2-9-12 and Indiana Code 36-2-10-10 should be followed for all County deposits.

The Reports of Collections should be verified to department receipts by the Building Commissioner or some other office employee.

Indiana Code 36-2-10-9 states: "The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by the county auditor."

Indiana Code 36-2-9-12 states:

"The auditor shall keep an accurate account current with the county treasurer. Whenever a receipt given by the treasurer for money paid into the county treasury is deposited with the auditor, the auditor shall:

- (1) file the treasurer's receipt;
- (2) charge the treasurer with the amount of the treasurer's receipt; and
- (3) issue his own receipt to the person presenting the treasurer's receipt."

BUILDING COMMISSIONER AND AREA PLANNING DEPARTMENTS
RANDOLPH COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

Indiana Code 36-2-10-10 states: "The treasurer shall issue a receipt to each person from whom he receives money."

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 Counties of Indiana, Chapter 1)

DEPOSITS NOT MADE TIMELY

Collections received by the Building Commissioner and Area Planning Departments were held up to 38 and 106 days respectively before being remitted to the County Auditor's Office.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . .

CRIME INSURANCE

A commercial crime coverage declaration notes Selective Insurance Company of America as surety and covers employees of the County. The declaration covers \$10,000 for each employee for the period beginning January 1, 2012, and ending January 1, 2015.

BUILDING COMMISSIONER AND AREA PLANNING DEPARTMENTS
RANDOLPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2015, with Mary Ann Lenkensdofer, County Auditor; Jessica Olson, Deputy Auditor; William Richmond, Area Planning Executive Director; Randy Abel, Building Commissioner; and Michael Wickersham, President of the Board of County Commissioners.

The contents of this report were discussed on February 10, 2015, with Jamie Stump, former Area Planning Executive Director.

Randolph County Auditor

Mary Ann Lenkensdofer

100 S Main Street, Room 102 | Winchester, Indiana 47394 | Phone: 765-584-6700
maryann.lenkensdofer@randolphcountyin.net

OFFICIAL RESPONSE

February 19, 2015

Corrective Action Plan

Responsible Party: Mary Ann Lenkensdofer, Auditor

Anticipated Completion: immediate

Monitoring of Internal Controls –

Upon our office finding inconsistent depositing of funds from the Building Commission and Area Planning offices, our office established new policies. When a department brings in money that will be receipted into a fund, the deputy Auditor will list on the receipt checks and cash, the outside department's receipt number and include the name of the person bringing in the money. The Auditor's receipt and all money is taken to Treasurer's office for verification. The outside department is also to provide a copy of their department receipt. Our office is maintaining a listing of the numbered receipts from outside departments and verifies if a receipt is out of order or missing. It will be brought to the attention of the Auditor if a department's receipt is missing.

It was also noted in the audit that monthly report of collections was not being turned in. We have now established a monthly check list for all departments that turn in a report of collections. It is verified by a deputy Auditor who dates and balances the report of collections for each department. If a report of collections is not received by the 15th of the following month, the deputy will notify the Auditor or Chief deputy Auditor that a report is missing. After the Auditor has contacted the department of the missing report, if the department still fails to remit the report of collections, the Auditor will notify the Commissioners to take action.

Petty cash in departments now have a verification form for any elected official, department head or employee with access to cash. The person will verify the petty cash prior to them leaving or entering employment of the county. It will be signed by the department head or elected official and each person will receive a copy of the signed form. The original signed form will be sent to the Auditor's office and placed in the person's permanent record.

The county now has a committee in place to review policies of all departments handling funds. Currently, the committee is in the process of having each department develop their cash handling procedures and those policies will be reviewed by the committee. Once the policies are reviewed and in place, the Commissioners will adopt the policies and each employee will sign and date that they have received a copy of their respective department cash handling policy.

All these changes to policy were implemented to help safeguard the county and the employees. Not every change is full proof and our office will continue to make an asserted effort to keep control of policies and procedures as it relates to our office.

Respectfully,

A handwritten signature in black ink, appearing to read "Mary Ann Lenkensdofer". The signature is written in a cursive style with a large, looping initial "M".

Mary Ann Lenkensdofer
Randolph County Auditor

Accounting Procedure Report
Randolph County Building Commission
Randolph County Area Planning Commission

Upon discovery by the auditor's office of inaccurate accounting and money handling procedures several procedures have been reevaluated and other new ones implemented. Since both Area Planning and the Building Commission are in the same office and we share some of the money handling responsibilities this report is being made jointly.

The first thing we did (suggested by the Auditor's office) was to start a sign-off sheet in the office before money is taken to the Auditor's office. We list all cash and each check that is to be delivered and have at least two people witness and initial the sheet. In this way we know for certain how much money left the building Commission Office. The other procedure we have in place is to copy the receipt for each collection made and send them to the Auditor's office along with the money.

A check mark is made by each receipt number (on the yellow duplicate) in the original receipt book when it is verified that the money was accepted by the Auditor's office. This is done when we receive a return receipt (form 20-21) from the Auditor's office. At this time we also make sure the dollar amounts on the Auditor's receipt match our receipt book. By placing a check mark and initial on both receipts we can identify who verified that the receipt numbers and dollar amounts were correct.

This also aids us when we are copying the original receipts to take to the Auditor because we can look back in the book and see that there is a check and initial by the previous receipt number (on the duplicate). In this way we can make sure no receipts are skipped and that the Auditor receives them in consecutive order. (This whole procedure would be made simpler if our receipt books were in triplicate instead of just duplicate. This is something we will look into in the future.)

The above procedures are done for the building permit receipt book, the contractor registration receipt book and the Area Planning receipt book. The Area Planning Director takes care of the area planning receipt book and my secretary or I take care of the registration and permit receipt books. Any one of the three of us can take money to the Auditor's office.

The petty cash in the Building Commission office totals \$100.00 and is kept in a locked drawer. It is counted and verified after change is made and at the end of each day by either my

secretary or myself. The same is done by the Area Planning Director for the \$30.00 petty cash in his department.

Monthly there is a report of collections done by each department. The Building Commission does a report of collections on both building permits and contractor registrations. My secretary is part-time and we try to enter the information into the computer on the days she is working. In doing this we are able to have most of the information entered by the last day of the month. These reports are done on prescribed forms from the Auditor's office. This report will be checked for accuracy against the receipt books. The Area Planning director also turns in a report of collection. He keeps a running total as collections come in then at the end of the month he checks the report for accuracy comparing it to the area planning receipt book. With this system in place we believe there should be prompt reporting of this information to the Auditor's office. (Reports are due by the 15th of the next month)

Other accounting procedures in the office are remaining the same for record keeping related to the two department budgets.



Randy Abel
Randolph County
Building commissioner



William Richmond
Randolph County
Area Planning Commission Director

BUILDING COMMISSIONER AND AREA PLANNING DEPARTMENTS
 RANDOLPH COUNTY
 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Josey Fields, former Building Commission Secretary:			
Cash Receipts Not Remitted, page 4	<u>\$6,054.00</u>	<u>\$ -</u>	<u>\$ 6,054.00</u>
Jamie Stump, former Area Planning Director:			
Cash Receipts Not Remitted, page 4	125.00		
Overpayment of Salary, page 5	1,215.98		
Paid by check, Receipt No. 080666	<u> </u>	<u>1,340.98</u>	<u> </u> -
Total for Jamie Stump, former Area Planning Director	<u>1,340.98</u>	<u>1,340.98</u>	<u> </u> -
Totals	<u><u>\$7,394.98</u></u>	<u><u>\$1,340.98</u></u>	<u><u>\$ 6,054.00</u></u>

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

AFFIDAVIT

STATE OF INDIANA)
)
_____ COUNTY)

I, Stephanie Heath, Special Investigator, being duly sworn on my oath, state that the foregoing report based on the official records as described in our letter to the officials of the Building Commission and Area Planning Departments, Randolph County, Indiana, for the period from January 1, 2013 to December 31, 2014, is true and correct to the best of my knowledge and belief.

Stephanie Heath
Special Investigator

Subscribed and sworn to before me this 25 day of FEBRUARY, 2015.

Billy J. Smithson
Notary Public

My Commission Expires: 12-17-2022
County of Residence: RANDOLPH