

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

SPECIAL INVESTIGATION REPORT
OF
COUNTY PARKS AND RECREATION DEPARTMENT
KNOX COUNTY, INDIANA
January 1, 2014 to July 31, 2014



FILED
04/09/2015

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Mindy S. Wessel	01-01-13 to 12-31-14
President of the County Council	Randy Crismore	01-01-14 to 12-31-14
President of the Board of County Commissioners	Larry Holscher	01-01-14 to 12-31-14
President of the County Parks and Recreation Department Board of Directors	Troy Hinkle	01-01-14 to 12-31-14
Superintendent of the County Parks and Recreation Department	Rama Sobhani	01-01-14 to 12-31-14



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF KNOX COUNTY

We have reviewed the rental and miscellaneous receipts of the County Parks and Recreation Department for the period from January 1, 2014 to July 31, 2014, 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 Investigation Results and Comments.

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

November 26, 2014

COUNTY PARKS AND RECREATION DEPARTMENT
KNOX COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

RECEIPTS NOT DEPOSITED

Amberly Pennell, former Office Assistant for the County Parks and Recreation Department, was responsible for receiving and recording rental and miscellaneous payments. A transaction report generated from the Campground Master computer program presented for review showed there were cash receipts of \$15,512.75 for the period January 1, 2014 to July 31, 2014. A further review of manual campground receipts, Campground Master receipts, and manual miscellaneous receipts showed receipts totaling \$2,001.75 were not entered into or were deleted from the Campground master computer program. Based on the additional procedures performed, we determined total receipts collected from January 1, 2014 to July 31, 2014, were \$17,514.50. The receipts deposited into the bank for the same time period totaled \$7,619.98. We determined that the total receipts not deposited was \$9,894.52.

Amberly Pennell, former Office Assistant, was requested to reimburse the County Parks and Recreation Department \$9,894.52 for receipts not deposited. (See Summary of Charges, page 8)

INTERNAL CONTROL OVER RECEIPTS AND TRANSACTIONS RECORDING

Internal controls over the receipting and accounting for financial activities were insufficient.

- The County Parks and Recreation Department has not separated incompatible activities related to receipts and transactions recording. The Office Assistant was responsible for receiving payments, inputting them into the computer, and making bank deposits.
- The County Parks and Recreation Department has not established internal controls and a system to monitor controls. Internal controls are necessary to prevent, or detect and correct (material) misstatements in a timely manner. Additionally, once internal controls are established, they should be monitored and assessed to ensure the quality and effectiveness.

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 Counties, Chapter 1)

COUNTY PARKS AND RECREATION DEPARTMENT
 KNOX COUNTY
 SPECIAL INVESTIGATION RESULTS AND COMMENTS
 (Continued)

CRIME INSURANCE POLICY

Knox County has the following crime insurance policy to cover its employees:

<u>Insurance Company</u>	<u>Policy Period</u>	<u>Policy Numbers</u>	<u>Amount of Coverage</u>
Travelers Casualty and Surety Company of America	10-01-13 to 10-01-14	105995921	<u>\$ 25,000</u>

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. . . ."

ADDITIONAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the County Parks and Recreation Department for receipts not deposited totaling \$3,436.80.

Amberly Pennell, former Office Assistant, was requested to reimburse the County Parks and Recreation Department \$3,436.80 for additional investigation costs. (See Summary of Charges, page 8)

Audit costs incurred because of theft or 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 Counties, Chapter 1)

COUNTY PARKS AND RECREATION DEPARTMENT
KNOX COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 19, 2014, with Troy Hinkle, President of the County Parks and Recreation Department Board of Directors, and Rama Sobhani, Superintendent of the County Parks and Recreation Department.

The contents of this report were discussed on November 26, 2014, with Amberly Pennell, former Office Assistant.



KNOX COUNTY PARKS and RECREATION DEPARTMENT

3500 N. Lower Fort Knox Road • Vincennes, Indiana 47591

Mailing Address:
P.O. Box 1316 • Vincennes, IN 47591
e-mail: knoxcopark@earthlink.net

Phone: 812-882-4316
Fax: 812-886-1425
website: www.knoxcountyparks.com

December 9, 2014

Regarding an audit performed by the State Board of Accounts on the alleged theft of funds from the Knox County Parks and Recreation Department, we acknowledge that we have met with the investigating field agent and discussed the results of investigation into the matter. We have also discussed the recommendations made for the improvement of internal controls.

We, the board of directors and department staff, will implement the recommended changes to our internal control procedures and have put in motion other processes in an attempt to recover some of the funds that the county lost because of alleged theft.

Signed,

Rama Sobhani, superintendent
Troy Hinkle, president, Knox County Parks and Recreation board



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COUNTY PARKS AND RECREATION DEPARTMENT
KNOX COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Amberly Pennell, former Office Assistant:			
Receipts Not Deposited, page 4	\$ 9,894.52	\$ -	\$ 9,894.52
Additional Investigation Costs, page 5	<u>3,436.80</u>	<u>-</u>	<u>3,436.80</u>
Totals	<u>\$ 13,331.32</u>	<u>\$ -</u>	<u>\$ 13,331.32</u>

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

AFFIDAVIT

STATE OF INDIANA)
Hendricks)
COUNTY)

I Gina Gambaiani, Exams and Investigations Coordinator, being duly sworn on my oath, state that the foregoing report based on the official records of the Parks and Recreation Department, Knox County, Indiana, for the period from January 1, 2014 to July 31, 2014, is true and correct to the best of my knowledge and belief.

Gina Gambaiani
Exams and Investigations Coordinator

Subscribed and sworn to before me this 31 day of March, 2015.

Rita J. Page
Notary Public

My Commission Expires: February 15, 2016
County of Residence: Hendricks