

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

SPECIAL INVESTIGATION REPORT

OF

RECYCLING DEPARTMENT

OWEN COUNTY, INDIANA

January 1, 2012 to May 31, 2013



FILED
11/18/2015

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Recycling Supervisor	Troy C. Denney (Vacant) Angela Frank Oren Demaree	01-01-12 to 05-06-13 05-07-13 to 05-05-14 05-06-14 to 02-15-15 02-16-15 to 12-31-15
President of the Board of County Commissioners	George Jennings Donnie Minnick	01-01-12 to 12-31-12 01-01-13 to 12-31-15
President of the County Council	Michael L. Wood Patty Steward	01-01-12 to 12-31-12 01-01-13 to 12-31-15



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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 OWEN COUNTY

We have conducted a special investigation of the records of the Recycling Department for the period from January 1, 2012 to May 31, 2013. Our investigation was limited to the following records: fund ledger reports and scrap material weigh tickets. 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. This report was forwarded to the local prosecuting attorney.

Any Official Response included herein this report has not been examined or verified for its accuracy.

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

July 1, 2015

RECYCLING DEPARTMENT
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

PROCEEDS FROM SALE OF SCRAP MATERIAL NOT DEPOSITED

Scrap material weigh tickets (tickets) show that loads of scrap material were sold by Owen County Recycling Department between November 13, 2012 and May 2, 2013. These tickets were all signed by Troy C. Denney, former Recycling Department Supervisor. Proceeds from the sale of scrap material totaling \$1,547.29 were not deposited and could not be accounted for in the county records.

Additional tickets show that loads of scrap material were sold by Troy C. Denney, former Recycling Department Supervisor, between June 26, 2012 and November 7, 2012. The tickets show the stamped time of the transaction and all were signed by Troy C. Denney, former Recycling Department Supervisor. Further investigation revealed that the scrap material was the property of Owen County and the transactions occurred on days that Troy C. Denney, former Recycling Department Supervisor, worked. Proceeds from the sale of scrap material, totaling \$512.79 were not deposited and could not be accounted for in the County records.

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

Funds misappropriated, diverted, or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 of Indiana, Chapter 1)

Troy C. Denney, former Recycling Department Supervisor, was requested to reimburse Owen County \$2,060.08 for proceeds from sale of scrap material not deposited.

On September 24, 2015, Troy C. Denney, former Recycling Department Supervisor, paid \$2,060.08 for proceeds from sale of scrap materials not deposited. (See Summary of Charges, page 8)

INTERNAL CONTROL OVER SALE OF SCRAP MATERIAL

We noted several deficiencies in the internal control system of the Recycling Department related to sale of scrap material. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties: The Recycling Department has not separated incompatible activities related to the sale of scrap material. The Recycling Supervisor was responsible for the sale of scrap material and remitting the proceeds to the County Auditor timely.

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)

RECYCLING DEPARTMENT
OWEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

ADDITIONAL SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs, in the amount of \$2,000, due to the special investigation of Troy C. Denney, former Recycling Department Supervisor.

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 Counties of Indiana, Chapter 1)

Troy C. Denney, former Recycling Department Supervisor, was requested to reimburse the State of Indiana \$2,000 for additional special investigation costs.

On September 24, 2015, Troy C. Denney, former Recycling Department Supervisor, paid \$2,000 for additional special investigation costs. (See Summary of Charges, page 8)

PUBLIC RECORDS RETENTION

Records presented for special investigation indicate that County officials and employees discovered partially shredded and shredded scrap material weigh tickets in the shredder the day after Troy C. Denney, former Recycling Department Supervisor, was terminated.

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, 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 Counties of Indiana, Chapter 1)

RECYCLING DEPARTMENT
OWEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 1, 2015, with Donnie Minnick, President of the Board of County Commissioners; Patty Steward, President of the County Council; and Michael L. Wood, County Auditor.

The contents of this report were discussed on July 1, 2015, with Troy C. Denney, former Recycling Department Supervisor.

Dear Mr. Bozymski:

I disagree with the findings and conclusions of the State Board of Accounts that I should pay \$2,060 for monies I allegedly failed to account for and an additional \$2,000 for the costs of the investigation. I have never denied that I received monies for scrap sold to Scrappers and Greene's Salvage. To the contrary the Auditor and Commissioners were all aware that I was taking the scrap to them to be sold. When I attempted to turn in paperwork to the Auditor showing the money that had been received from the sale of scrap only I was told that there was no way to account for that money separately. I was told that because there was no "line item" for that type of activity the money should all be grouped together along with the trash money and turned in as one lump sum amount. I was also told by a Commissioner to follow that procedure. I followed those instructions and whenever there was a sale of scrap brought in by the public I placed the cash I received from the scrapyards in the cash register along with the other monies paid at the recycling center for trash. I did not keep any records, receipts, or tickets showing these transactions since I had been told not to do so by the county authorities. I was never given any type of manual, written instructions, etc., from any county official providing me with guidance as to how this money was to be handled.

All monies ever received from the sale of scrap had been given to the Auditor and I resent the suggestion that I have kept this money for personal use. Hindsight is 20/20 and I should have insisted on turning these scrap records, tickets, etc., in or keeping a personal copy for my own protection. Unfortunately, I did not do so.

I sincerely believe that this investigation stems from personal disagreements I have had with one of the Commissioners and also the manner in which collection of used tires was handled at the recycling center.

It is with great reluctance and under protest that I will pay the \$4,060 within two weeks to completely settle this matter as I cannot afford the potential expense of defending a claim against me even though I feel such a claim is completely without merit. Please advise as to where the money is to be sent.

Because I understand the SBOA report will be available to the public I am requesting that this response be made part of any report, submission or other entry that appears on the report or website available to the general public.

Very truly yours,
Troy Denney

RECYCLING DEPARTMENT
OWEN COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Troy C. Denney, former Recycling Department Supervisor:			
Proceeds From Sale of Scrap Material Not Deposited, page 4	\$ 2,060.08	\$	\$
Additional Special Investigation Costs, page 5	2,000.00		
Paid by Troy C. Denney, September 24, 2015	<u> </u>	<u>4,060.08</u>	<u>-</u>
Totals	<u>\$ 4,060.08</u>	<u>\$ 4,060.08</u>	<u>\$ -</u>

This report was forwarded to the local prosecuting attorney.