

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

SPECIAL INVESTIGATION REPORT

OF

BROOKVILLE TOWNSHIP

FRANKLIN COUNTY, INDIANA

January 1, 2010 to December 31, 2014



**FILED**  
12/22/2015



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Special Investigation Results and Comments:	
Overpayment of Salary and Office Rent.....	4
Overpayment of Travel Reimbursements.....	4-5
Payment Without Supporting Documentation .....	5
Payment of Unallowable Expenses .....	5-6
Personal Expenses.....	7
Unreasonable Fees .....	7
Internal Control Deficiencies.....	8
Bond Coverage.....	9
Exit Conference.....	10
Summary of Charges .....	11
Affidavit .....	13

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Daniel D. Dorrel	01-01-10 to 02-02-12
	Britney D. Ison	02-03-12 to 12-31-14
	Kathryn Flaspohler	01-01-15 to 12-31-18
Chairman of the Township Board	Frank Deutsch	01-01-10 to 12-31-14
	Hans Beck	01-01-15 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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF BROOKVILLE TOWNSHIP, FRANKLIN COUNTY

We have conducted a special investigation of the records of Brookville Township, Franklin County, for the period from January 1, 2010 to December 31, 2014. Our investigation was limited to the following records: receipts, bank deposits, ledger of receipts, disbursements and balances, checks, supporting documentation for checks, bank statements, budgets, contracts, policies and procedures, and minutes of the Township Board. 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 Office of the Indiana Attorney General and the local prosecuting attorney.

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

June 22, 2015

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

**OVERPAYMENT OF SALARY AND OFFICE RENT**

Britney D. Ison, former Trustee, received \$22,820 in 2013 and \$21,800 in 2014 for salary and office rent. The Township Board approved budget for 2013 and 2014 included Salary of Trustee of \$11,000 and office rent in the amount of \$4,800.

Years	Amounts Approved by the Township Board			Amounts Paid Per Abstract of Checks	Overpayment to Trustee
	Salary	Rent	Totals		
2013	\$ 11,000	\$ 4,800	\$ 15,800	\$ 22,820	\$ 7,020
2014	11,000	4,800	15,800	21,800	6,000
Totals	<u>\$ 22,000</u>	<u>\$ 9,600</u>	<u>\$ 31,600</u>	<u>\$ 44,620</u>	<u>\$ 13,020</u>

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 Townships, Chapter 13)

Indiana Code 6-1.1-17-3.5(h) states:

"If a taxing unit fails to file the information required by subsection (b) with the fiscal body of the county in which the taxing unit is located by the time prescribed in subsection (d), the most recent annual appropriations and annual tax levy of that taxing unit are continued for the ensuing budget year."

Britney D. Ison, former Trustee, was requested to reimburse the Township \$13,020 for overpayment of salary and office rent. (See Summary of Charges, page 11)

**OVERPAYMENT OF TRAVEL REIMBURSEMENTS**

Britney D. Ison, former Trustee, received \$280 in 2012 and \$650 in 2013 for travel reimbursements. Supporting documentation was provided for \$222.66 of travel expenses in 2012. No supporting documentation was provided for travel expenses in 2013. Overpayments to the Trustee for travel reimbursements in 2012 and 2013 are shown in the table below:

Years	Documented Travel Expenses	Amount of Travel Reimbursement	Overpayment to Trustee
2012	\$ 222.66	\$ 280.00	\$ 57.34
2013	-	650.00	650.00
Totals	<u>\$ 222.66</u>	<u>\$ 930.00</u>	<u>\$ 707.34</u>

The Township Trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees (IC 36-6-8-3). Mileage Claim Form Number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10-1(b) states in part: "No warrant or check shall be drawn by a disbursing officer in payment of any claim unless the same has been fully itemized . . ."

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 Townships, Chapter 13)

Britney D. Ison, former Trustee, was requested to reimburse the Township \$707.34 for overpayment of travel reimbursements. (See Summary of Charges, page 11)

***PAYMENT WITHOUT SUPPORTING DOCUMENTATION***

On October 22, 2014, an echeck was issued from the Township bank account to a wireless phone company in the amount of \$396.74. The Township does not have an account with this wireless phone company and there was no supporting documentation for this payment.

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 Townships, Chapter 13)

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Britney D. Ison, former Trustee, was requested to reimburse the Township \$396.74 for the payment made without supporting documentation. (See Summary of Charges, page 11)

***PAYMENT OF UNALLOWABLE EXPENSES***

Payments were made to a telecommunications company for bundled telephone, internet, and cable television services in 2012, 2013, and 2014.

The charges paid included both excise and sales tax on the entire bundled services. The telephone line included in the bundled charges was the phone number listed for Brookville Township. The invoices provided by the telecommunications company did not separate the charges by type of service.

Telephone expenses were not appropriated in the 2012 budget. The 2013 and 2014 budget included an appropriation of \$450 for telephone expenses. Payments of unallowable expenses are documented in the following table:

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

<u>Years</u>	<u>Appropriated Telephone Expenses</u>	<u>Telephone, Internet, and Cable Television Expenses Paid</u>	<u>Unallowable Expenses</u>
2012	\$ -	\$ 590.99	\$ 590.99
2013	450.00	1,127.56	677.56
2014	<u>450.00</u>	<u>1,327.52</u>	<u>877.52</u>
Totals	<u>\$ 900.00</u>	<u>\$ 3,046.07</u>	<u>\$ 2,146.07</u>

The following audit position should cover all situations for reimbursement of telephone expenses:

1. A separate township office exists and has a telephone(s) listing in the telephone directory in the name of the township, 100% of the proper monthly telephone service billing and long distance township business calls may be paid.
2. The township office is in the home with a separate phone line for township business and that phone line is listed separately in the directory. The 100% reimbursement is available for township long distance business calls and also for the monthly billing.
3. If the township office is in the home, and the telephone (only phone) is in the township name in the phone directory, the additional cost of that phone being listed as a township phone is reimbursable. Up to 50% of the base monthly service billing may also be reimbursed if approved by the township board in accordance with IC 36-6-8-3. Additionally, 100% of all documented long distance township business calls may be reimbursed.

The rental of a telephone in the trustee's office may be paid from the Township Fund when the telephone is listed in the name of the township, such that the telephone is exempt from excise and sales tax. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Indiana Code 36-6-8-3(a) states in part: "The annual appropriations to a township executive for the expenses of renting an office and telephone and telegraph expenses must, as nearly as is possible, be equal to the actual cost of those items."

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 13)

Britney D. Ison, former Trustee, was requested to reimburse the Township \$2,146.07 for payment of unallowable expenses. (See Summary of Charges, page 11)



BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**PERSONAL EXPENSES**

Britney D. Ison, former Trustee, purchased 17 HP black printer ink cartridges and 5 HP color ink cartridges totaling \$584.61 during 2012, 2013, and 2014. An HP printer was not transferred to the custody of the current Trustee at the end of Ms. Ison's term. Payments of personal expenses are documented in the following table:

<u>Years</u>	<u>Black Ink</u>	<u>Color Ink</u>	<u>Total Ink Purchases</u>
2012	\$ 119.37	\$ 65.26	\$ 184.63
2013	100.52	-	100.52
2014	<u>201.05</u>	<u>98.41</u>	<u>299.46</u>
Totals	<u>\$ 420.94</u>	<u>\$ 163.67</u>	<u>\$ 584.61</u>

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Britney D. Ison, former Trustee, was requested to reimburse the Township \$584.61 for personal expenses. (See Summary of Charges, page 11)

**UNREASONABLE FEES**

During May of 2014, the Township bank account was overdrawn. The Township was charged \$56 in overdraft fees and a \$7.50 balancing fee.

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 Townships, Chapter 13)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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 Townships, Chapter 13)

Britney D. Ison, former Trustee, was requested to reimburse the Township \$63.50 for bank overdraft and balancing fees. (See Summary of Charges, page 11)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROL DEFICIENCIES***

Excess payments for salary, rent, travel, and payments for personal expenses (as described in the previous Investigation Results and Comments), were caused by a lack of segregation of duties. The Trustee serves as the Township Executive and the Township Fiscal Officer. As a result, there is no oversight of Township financial activity on an ongoing basis by another official.

The Township Board approves an annual budget with "line item" appropriations limiting the amounts to be expended for various expenditures such as salaries, rent, telephone expenses, etc. In addition, the Township Board approves a salary schedule limiting the amounts paid for salaries. It is the Trustee's statutory responsibility to monitor compliance with approved salary schedules and approved appropriations.

Allowing expenditures to exceed salaries approved by the Township Board and allowing expenditures to exceed appropriations approved by the Township Board, represents an override of controls established by the Township Board.

Because the Township records are public records, the Township Board may adopt a plan to review Township financial activity on a more frequent basis than the once a year that is required by Indiana Code 36-6-6-9.

Indiana Code 36-6-6-9 states in part the following:

"(a) The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12.

(b) The legislative body may send for persons, books, and papers necessary in the examination of the report. A member may administer oaths necessary in the examination of the report. . . .

(d) Any fund expended, in whole or in part, for a purpose for which it was not appropriated shall be considered unexpended and in the control of the executive, who is liable on the executive's bond for such expenditure.

(e) When its examination of the report is completed, the legislative body shall take action on the report, specifying the parts of the report that are altered or disallowed. The report remains under the control of the legislative body and in custody of its chairman, who shall keep it open to inspection by taxpayers of the township."

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 Townships, Chapter 13)

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

***BOND COVERAGE***

The Township obtained official bond coverage for Britney D. Ison, former Trustee, as scheduled below:

<u>Surety</u>	<u>Bond Amount</u>	<u>Term of Coverage</u>
Western Surety	\$ 30,000	February 3, 2012 to February 3, 2014
Western Surety	30,000	February 3, 2014 to February 3, 2015

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 7, 2015, with Roger Bommer, Township Board member. The contents of this report were also discussed in a separate meeting on April 7, 2015, with Hans Beck, Chairman of the Township Board, and Kathryn Flaspohler, Trustee.

A Certified Letter to Britney D. Ison, former Trustee, regarding an exit conference to discuss the contents of this report was returned undelivered on April 13, 2015. Britney D. Ison agreed to conduct the exit conference via email and did sign and return, via email, the pre-exit conference non-disclosure agreement. The contents of this report and exit conference documentation were then emailed to Ms. Ison. As of the date of this report, Ms. Ison has not returned the exit conference form or responded to the contents of this report.

BROOKVILLE TOWNSHIP, FRANKLIN COUNTY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Britney D. Ison, former Trustee:			
Overpayment of Salary and Office Rent, page 4	\$13,020.00	\$ -	\$ 13,020.00
Overpayment of Travel Reimbursements, pages 4 and 5	707.34	-	707.34
Payment Without Supporting Documentation, page 5	396.74	-	396.74
Payment of Unallowable Expenses, pages 5 and 6	2,146.07	-	2,146.07
Personal Expenses, page 7	584.61	-	584.61
Unreasonable Fees, page 7	<u>63.50</u>	<u>-</u>	<u>63.50</u>
 Totals	 <u>\$16,918.26</u>	 <u>\$ -</u>	 <u>\$ 16,918.26</u>

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

(This page intentionally left blank.)

AFFIDAVIT

STATE OF INDIANA )  
Deputy )  
COUNTY )

I, Kimberly Wesley, 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 Brookville Township, Franklin County, Indiana, for the period from January 1, 2010 to December 31, 2014, is true and correct to the best of my knowledge and belief.

Kimberly Wesley  
Kimberly Wesley  
Special Investigator

Subscribed and sworn to before me this 15<sup>th</sup> day of DECEMBER, 2015.

Charles J. Scalv  
Notary Public

My Commission Expires: 7/15/17

County of Residence: Deputy

