

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

SPECIAL INVESTIGATION REPORT

OF

COUNTY AUDITOR

JENNINGS COUNTY, INDIANA

July 11, 2013 to October 9, 2013



**FILED**  
01/22/2016



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#### COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janice L. Ramey Kay Vance	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the County Council	Howard L. Malcomb	01-01-12 to 12-31-15
President of the Board of County Commissioners	Jeffrey S. Day Matt Sporleder	01-01-12 to 12-31-12 01-01-13 to 12-31-15



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JENNINGS COUNTY

We have conducted a special investigation of the records of the County Auditor for the period July 11, 2013 to October 9, 2013. Our investigation was limited to the review of records associated with checks disbursed to the 1<sup>st</sup> Deputy County Auditor. The results of our investigation are 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.

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

December 11, 2014

COUNTY AUDITOR  
JENNINGS COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

***UNAUTHORIZED PAYMENTS TO 1<sup>ST</sup> DEPUTY COUNTY AUDITOR***

The following checks, totaling \$3,515.56, were written to Cathy Robertson, former 1<sup>st</sup> Deputy County Auditor, without authorization and without supporting documentation:

<u>Check Number</u>	<u>Check Date</u>	<u>Amount</u>
27875	07-11-13	\$ 157.52
28015	07-19-13	217.41
28018	07-23-13	300.00
28413	08-22-13	477.00
28468	08-28-13	700.00
28529	09-06-13	157.36
28715	09-10-13	457.13
28865	09-26-13	572.14
29172	10-09-13	<u>477.00</u>
Total		<u>\$ 3,515.56</u>

There were no accounts payable vouchers (claims) on file to support the payments. As a result, the payments were not approved by the County Auditor and were not approved by the Board of County Commissioners.

County checks are required to have both the signature of the County Auditor and the County Treasurer.

Janice Ramey, County Auditor, stated the following in an affidavit:

"Cathy Robertson was authorized to use my signature stamp to sign checks. However, Cathy Robertson was only authorized to use my signature on checks supported by a properly supported and approved accounts payable voucher (claim). I did not authorize Cathy Robertson to sign my name to the nine checks written to Cathy Jo Robertson totaling \$3,515.56."

Sandra L. Vance, County Treasurer, stated in an affidavit:

"Cathy Jo Robertson was not authorized to use my signature stamp to sign checks."

*Statutes and Uniform Compliance Guidelines*

Indiana Code 5-13-5-4(a) states in part: "All checks or negotiable orders of withdrawal drawn upon depositories shall be signed by public officers authorized to sign the check or negotiable order of withdrawal in the officer's official capacity."

Indiana Code 5-13-14-3 states: "A public servant who violates the depository duties in this article is subject to criminal prosecution under IC 35-44.2-2-1. The public servant also is liable upon the public servant's official bond for any loss or damage that accrues."

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

Indiana Code 5-11-10-1.6 in regards to the writing of a check states in part the following:

"(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."

Indiana Code 36-2-10-9 in regards to the County Treasurer writing a check (warrant) states the following: "The treasurer shall receive money to which the county is entitled and shall disburse it on warrants issued and attested by 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 County Auditors of Indiana, Chapter 14)

*Request for Refund*

On December 11, 2014, we requested Cathy Robertson, former 1<sup>st</sup> Deputy County Auditor, to refund \$3,515.56 to Jennings County. (See Summary of Charges, page 8)

**INTERNAL CONTROL DEFICIENCIES**

Due to her position as 1<sup>st</sup> Deputy County Auditor, Cathy Robertson had access to check stock and to the County Auditor's signature stamp to sign checks and was able to obtain unauthorized access to the County Treasurer's signature stamp. Due to this access, Cathy Robertson, former 1<sup>st</sup> Deputy County Auditor, was able to write checks to herself as described in Special Investigation Result and Comment titled "Unauthorized Payments to 1<sup>st</sup> Deputy County Auditor."

The duties of the County Auditor and County Treasurer are segregated by statute and require checks to be separately signed by the County Auditor and County Treasurer. This internal control was established by statute in order to reduce the probability that checks could be written without proper authorization. The County Auditor and the County Treasurer may authorize an employee to use their signature stamps; however, authorization and access to signature stamps should be restricted to an employee in the respective offices.

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

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, and Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

**INVESTIGATION COSTS DUE STATE OF INDIANA**

The State of Indiana incurred additional costs in the amount of \$3,515.56 in the investigation of unauthorized payments made to Cathy Robertson, former 1<sup>st</sup> Deputy County Auditor, (See Special Investigation Result and Comment titled "Unauthorized Payments to 1<sup>st</sup> Deputy County Auditor").

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana Chapter 14)

On December 11, 2014, Cathy Robertson, former 1<sup>st</sup> Deputy County Auditor, was requested to refund \$3,515.56 to Jennings County. (See Summary of Charges, page 8)

## BOND COVERAGE

The following is a schedule of bond coverage that Jennings County has purchased to cover misappropriation of funds:

Principal: Cathy Robertson  
Surety: Auto-Owners Insurance Company  
Type of Coverage: Faithful Performance  
Bond No. 66142063  
Terms and Amounts: 08-31-12 to 08-30-13 \$10,000  
08-31-13 to 08-30-14 10,000

## OTHER SPECIAL INVESTIGATION REPORT

A Special Investigation Report on Jennings County Clerk of the Circuit Court covering the period January 1, 2009 to April 8, 2011, was filed concurrently with this report. That Special Investigation Report showed that Cathy Robertson, former Bookkeeper, misappropriated funds in the amount of \$61,393.73.



COUNTY AUDITOR  
JENNINGS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 11, 2014, with Cathy Robertson, former 1<sup>st</sup> Deputy County Auditor, and William D. Dillon, Attorney at Law.

The contents of this report were discussed on February 12, 2015, with Janice L. Ramey, former County Auditor.

The contents of this report were also discussed on February 12, 2015, with Kay Vance, County Auditor; Matt Sporleder, President of the Board of County Commissioners; Howard L. Malcomb, President of the County Council; and Dave Woodall, Council member.

COUNTY AUDITOR  
JENNINGS COUNTY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Cathy Robertson, former 1 <sup>st</sup> Deputy County Auditor:			
Due Jennings County:			
Unauthorized Payments to 1 <sup>st</sup> Deputy County Auditor, pages 4 and 5	\$ 3,515.56	\$ -	\$ 3,515.56
Due to the State of Indiana:			
Investigation Costs Due State of Indiana, page 6	<u>3,515.56</u>	<u>-</u>	<u>3,515.56</u>
Totals	<u>\$ 7,031.12</u>	<u>\$ -</u>	<u>\$ 7,031.12</u>

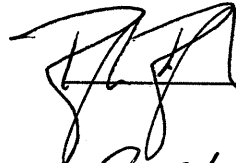
This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

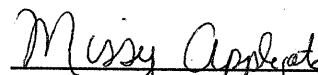
STATE OF INDIANA )

Scott )  
COUNTY )

We, Brandon Brough and Ronald Robertson, Special Investigators, 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 Jennings County, Indiana, for the period from July 11, 2013 to October 9, 2013, is true and correct to the best of our knowledge and belief.

  
\_\_\_\_\_  
Ronald Robertson  
Special Investigators

Subscribed and sworn to before me this 21 day of January, 2016

  
\_\_\_\_\_  
Clerk of the Circuit Court