

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

SPECIAL INVESTIGATION REPORT

OF

WASHINGTON TOWNSHIP SMALL CLAIMS COURT

MARION COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
05/20/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Small Claims Court Judge	Honorable Steven G. Poore	01-01-11 to 12-31-18
Trustee	Frank T. Short	01-01-11 to 12-31-18
Chairman of the Township Board	David Smith	01-01-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF WASHINGTON TOWNSHIP SMALL CLAIMS COURT, MARION COUNTY

We have conducted a special investigation of the records of the Washington Township Small Claims Court for the period from January 1, 2013 to December 31, 2014. Our investigation was limited to the following records: receipts issued, bank deposits, and bank reconcilements. 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.

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

March 9, 2016

WASHINGTON TOWNSHIP SMALL CLAIMS COURT
MARION COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

RECEIPTS NOT RECORDED OR DEPOSITED

Raven Harvell, former Clerk, began employment with the Court on January 1, 2013. Raven Harvell, former Clerk's duties included collecting payments, issuing receipts, and recording the receipts in the Court's financial and case management software. During the period January 1, 2013 to December 10, 2014, Raven Harvell, former Clerk, prepared and issued 33 handwritten receipts from the pre-numbered receipt book, which were not recorded in the Court's financial and case management software or deposited in the bank account. The following schedule details these receipts by year:

Years	Receipts Not Recorded or Deposited
2013	\$ 1,117
2014	884
Total	<u>\$ 2,001</u>

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 . . ."

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 Townships, Chapter 13)

Raven Harvell, former Clerk, was requested to reimburse the Court \$2,001 for receipts not recorded or deposited. (See Summary of Charges, page 9)

DAILY TILLS NOT DEPOSITED

On September 1, 2014, Raven Harvell, former Clerk, took over the added responsibility of making the daily bank deposits. For the period September 1, 2014 through December 10, 2014, the total daily tills collected were \$478,839.15. Total deposits during the same period were \$198,842.92.

On December 11, 2014, the Court received notification that the bank account balance was overdrawn by \$76,752.23. On December 11, 2014, Raven Harvell, former Clerk, made 13 deposits to the bank account even though she was not working that day. There were also eight proof adjustments on the bank statement for deposits, which did not reconcile to the deposit slips or for stale checks deposited. The amount of deposits and deposit adjustments on December 11, 2014, which were not for the December 10, 2014 daily till, were \$152,484.88 and 17,332.51, respectively. The remaining amount of collections not deposited was \$110,178.84.

WASHINGTON TOWNSHIP SMALL CLAIMS COURT
MARION COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

On December 22, 2014, December 30, 2014, and January 15, 2015, Raven Harvell, former Clerk, returned non-negotiated checks, \$40 cash and other materials to the Court. Some of the checks were deemed stale checks. Checks totaling \$80,945.68 were deemed negotiable and were inventoried, copied, and deposited. After contacting the issuers of the stale checks, the Court has received replacement checks for \$1,539.89. In addition to the checks returned by Raven Harvell, former Clerk, a search warrant served on Raven Harvell, former Clerk's residence recovered two stale checks totaling \$99, which replacement checks have not been recovered. The following schedule summarizes the daily tills, deposits, deposit adjustments, and amounts recovered leaving the daily tills not deposited of \$27,653.27.

Daily Tills	\$	478,839.15
Less:		
Deposits		198,842.92
Deposits Not Identified to a Daily Till		152,484.88
Deposit Proof Adjustments		<u>17,332.51</u>
Daily Tills Not Deposited		110,178.84
Credits:		
Checks Returned December 22, 2014		58,968.25
Checks Returned December 30, 2014		15,216.56
Checks Returned January 15, 2015		6,760.87
Stale Checks Recovered		1,539.89
Cash Returned		<u>40.00</u>
Total Credits		<u>82,525.57</u>
Daily Tills Not Deposited or Recovered	\$	<u><u>27,653.27</u></u>

Upon discovery of the theft by the Court, and upon proper notification to the Indiana State Board of Accounts, the Court investigated the theft and determined a loss amount. Case 49G01-1502-F5-005860 was filed in Marion County Superior Court, Criminal Division 1. On November 12, 2015, a plea agreement was filed in which Raven Harvell, former Clerk, pled guilty to the theft.

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 . . ."

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 Townships, Chapter 13)

Raven Harvell, former Clerk, was requested to reimburse the Court \$27,653.27 for daily tills not deposited. (See Summary of Charges, page 9)

WASHINGTON TOWNSHIP SMALL CLAIMS COURT
MARION COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional investigation costs in the special investigation of Washington Township Small Claims Court totaling \$15,079.97.

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 Townships, Chapter 13)

Raven Harvell, former Clerk, was requested to reimburse the State of Indiana \$15,079.97 for special investigation costs. (See Summary of Charges, page 9)

INTERNAL CONTROLS DEFICIENCIES

Internal controls over Court receipts were insufficient to prevent or detect theft. The Court used pre-numbered receipt books to provide receipts to patrons and to document the transaction for cash received at the payment window. The receipt book carbon copies were then used to post the transactions to the Court's financial and case management system. A procedure was not in place to trace carbon copy receipts to receipt postings in the Court's system or to deposits.

As previously reported in Indiana State Board of Accounts Report B44417, bank reconcilements were not performed during the review period.

In addition, the Court did not segregate incompatible duties. The same individual was responsible for collecting payments, issuing receipts, recording receipts, reconciling deposits, and depositing collections.

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)

EMPLOYEE DISHONESTY BOND

The following is information regarding an Employee Dishonesty Bond obtained by the Township:

<u>Period</u>	<u>Amount</u>
December 10, 2009 to Cancellation	<u><u>\$ 10,000</u></u>

WASHINGTON TOWNSHIP SMALL CLAIMS COURT
MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2016, with the Honorable Steven G. Poore, Small Claims Court Judge; Frank T. Short, Trustee; and David F. Smith, Chairman of the Township Board.



STEVEN G. POORE, JUDGE

WASHINGTON TOWNSHIP SMALL CLAIMS COURT

MARION COUNTY, INDIANAPOLIS, INDIANA

March 18, 2016

State Board of Accounts

302 West Washington Street, Room 418

Indianapolis, Indiana 46204-2765

RE: Unit Examined: Washington Township Small Claims court

Period Examined: 1/1/2013 to 12/31/2014

Date of Conference: March 9, 2016

OFFICIAL RESPONSE

To Whom It May Concern:

The court responded to the theft by adopting new procedures for the management of cash at the court and imposing additional safeguards to ensure compliance and accountability by individual members of the court staff, including the transition to limited on-line banking.

The court has changed personnel and the duties required of individual staff positions to comply with the changes and new procedures. In combination the changes effectively address all of the conditions identified in the audit that contributed to the opportunity for Raven Harvel to commit theft.

Lastly, I would like to express that I am very appreciative of the professional manner in which the audit was conducted and the helpful recommendations that have been offered.

Respectfully,

STEVEN G. POORE

WASHINGTON TOWNSHIP SMALL CLAIMS COURT
MARION COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Raven Harvell, former Clerk:			
Receipts Not Recorded or Deposited, page 4	\$ 2,001.00	\$ -	\$ 2,001.00
Daily Tills Not Deposited, pages 4 and 5	<u>110,178.84</u>	<u>82,525.57</u>	<u>27,653.27</u>
Totals	112,179.84	82,525.57	29,654.27
Special Investigation Costs, page 6	<u>15,079.97</u>	<u>-</u>	<u>15,079.97</u>
Totals	<u>\$ 127,259.81</u>	<u>\$ 82,525.57</u>	<u>\$ 44,734.24</u>

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

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AFFIDAVIT

STATE OF INDIANA)

Henry COUNTY)

I, Kimberly Wesley, Field Examiner, 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 Washington Township Small Claims Court, Marion 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.

Kimberly Wesley
Field Examiner

Subscribed and sworn to before me this 17 day of May, 2014

Chelsey Jo Reece

My Commission Expires: 8-07-2021

County of Residence: Henry



Chelsey Jo Reece
Notary Public, State of Indiana
Henry County
My Commission Expires: 08-07-2021