

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

SPECIAL INVESTIGATION REPORT

OF

PATRIOT VOLUNTEER FIRE DEPARTMENT

SWITZERLAND COUNTY, INDIANA

January 1, 2014 to November 30, 2018



FILED
02/25/2019

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter	2
Results and Comments:	
Background.....	3
Fire Department Funds Expended for Non-Fire Department Use.....	3-4
Unauthorized Payments to Fire Chief.....	4-5
Payments to Individuals without Supporting Documentation	5-6
Special Investigation Costs	6
Internal Control Deficiencies.....	6
Investigation by Law Enforcement Agency	7
Crime Insurance Coverage.....	7
Exit Conference.....	8
Summary of Charges	9
Affidavit.....	11



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 THE PATRIOT VOLUNTEER FIRE
DEPARTMENT, SWITZERLAND COUNTY, INDIANA

This is a special investigation report for the Patriot Volunteer Fire Department (Fire Department), for the period January 1, 2014 to November 30, 2018, and is in addition to any other report for the Fire Department as required under Indiana Code 5-11-1. All reports pertaining to the Fire Department may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

February 21, 2019

PATRIOT VOLUNTEER FIRE DEPARTMENT
RESULTS AND COMMENTS

BACKGROUND

The Fire Department is a not-for-profit corporation that received public funding from the Town of Patriot in the form of a fire protection contract and from the Switzerland County Fire Chiefs Corporation. Gordon Wayne Turner, Jr. (Turner), has been the Fire Chief for the Fire Department since January 1, 2014. He was responsible for the records of the Fire Department as well as receipting the monies received and accounting for the expenditures of the Fire Department.

The Fire Department is no longer certified to make fire runs. The certifications lapsed and were not renewed. Likewise, there is no liability insurance to cover the volunteer firefighters to allow them to go on fire runs. Both the Town of Patriot and the Switzerland County Fire Chiefs Corporation ceased making payments to the Fire Department in late 2017.

Town of Patriot officials were concerned about the use of the Fire Department funds and contacted the Indiana State Board of Accounts (SBOA) in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and the accounting for the expenditures to determine if any expenditures were for non-Fire Department purposes. The following describes noncompliance with statutes or the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*.

FIRE DEPARTMENT FUNDS EXPENDED FOR NON-FIRE DEPARTMENT USE

Fire Department funds were expended in one of three ways: checks written, debit card use, and electronic fund transfers (EFT) out of the bank account. When we requested the records of the Fire Department, we did not receive a funds ledger and Turner did not provide all of the bank statements or supporting documentation for funds expended. Bank account information was subpoenaed in order to be able to view the transactions that occurred during the investigation period.

The SBOA subpoenaed Turner's personal electric and personal satellite television account information and found that payments on these accounts were made 40 times and 14 times, respectively, from Fire Department funds. Other personal items paid for with Fire Department funds included; cell phone expenses, groceries, dining at restaurants, purchasing materials and supplies not used for Fire Department purposes, rental payments, gasoline purchases, and unsupported purchases from various stores. The following schedule categorizes the various expenditures by type and year that were not for Fire Department use:

	2014	2015	2016	2017	2018	Total
Personal Electric Account	\$ 2,370.74	\$ 2,304.89	\$ 2,169.63	\$ 3,175.68	\$ 1,055.49	\$ 11,076.43
Personal Satellite Television Account	-	111.27	461.22	1,330.17	-	1,902.66
Cell Phone	247.10	1,348.46	-	-	-	1,595.56
Groceries	4,487.27	4,484.87	210.35	423.85	-	9,606.34
Dining	453.49	308.96	-	-	-	762.45
Materials and Supplies	3,147.18	-	-	85.55	-	3,232.73
Rental Payments	237.61	179.31	-	-	-	416.92
Gasoline Purchases	1,509.81	2,604.81	174.00	-	-	4,288.62
Other Unsupported Purchases	1,394.58	586.48	-	-	-	1,981.06
Totals	<u>\$ 13,847.78</u>	<u>\$ 11,929.05</u>	<u>\$ 3,015.20</u>	<u>\$ 5,015.25</u>	<u>\$ 1,055.49</u>	<u>\$ 34,862.77</u>

PATRIOT VOLUNTEER FIRE DEPARTMENT
RESULTS AND COMMENTS
(Continued)

The *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

- a. Accurate, current and complete disclosure of the financial results of each government sponsored project or program.
- b. Records that adequately identify the source and application of funds for government sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays and income.
- c. Effective control over and accountability for all funds, property and other assets.
- d. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation."

Turner was requested to reimburse the Fire Department \$34,862.77 for Fire Department funds expended for non-fire department use. (See Summary of Charges, page 9)

UNAUTHORIZED PAYMENTS TO FIRE CHIEF

During the investigation period, Turner received unauthorized payments from the Fire Department 24 times totaling \$18,610. No documentation or other authority for these payments was presented during the investigation. The following schedule categorizes by year checks written to Turner:

Stated Reason	2014	2015	2016	2017	2018	Total
Labor for Repairs	\$ 500	\$ 2,600	\$ 875	\$ -	\$ -	\$ 3,975
Excess Clothing Allowance	450	-	200	200	-	850
Mowing Fire Station Grounds	-	900	600	900	-	2,400
July 4th Reimbursement	-	1,500	1,500	-	-	3,000
Halloween Reimbursement	-	1,800	-	-	-	1,800
Insulation Purchase Reimbursement	-	1,300	-	-	-	1,300
Christmas Reimbursement	-	1,500	-	-	-	1,500
Christmas Dinner Reimbursement	-	-	325	-	-	325
Hog Roast Reimbursement	-	-	1,330	-	-	1,330
Gasoline Reimbursement	-	-	450	80	-	530
Supplies Reimbursement	-	-	100	-	-	100
Lumber Reimbursement	-	-	1,500	-	-	1,500
Totals	<u>\$ 950</u>	<u>\$ 9,600</u>	<u>\$ 6,880</u>	<u>\$ 1,180</u>	<u>\$ -</u>	<u>\$ 18,610</u>

PATRIOT VOLUNTEER FIRE DEPARTMENT
RESULTS AND COMMENTS
(Continued)

The *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

- a. Accurate, current and complete disclosure of the financial results of each government sponsored project or program.
- b. Records that adequately identify the source and application of funds for government sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays and income.
- c. Effective control over and accountability for all funds, property and other assets.
- d. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation."

Turner was requested to reimburse the Fire Department \$18,610 for the unauthorized payments. (See Summary of Charges, page 9)

PAYMENTS TO INDIVIDUALS WITHOUT SUPPORTING DOCUMENTATION

The following unsupported payments totaling \$4,800 were made to two individuals in 2014 from Fire Department funds:

- We identified two checks made payable to Turner's spouse totaling \$3,500. One check was for \$200 with the memo noting it was for a "refrigerator". The other check was for \$3,300 with the memo noting it was for "Work on Fire House and Decoration". Neither of the payments had any supporting documentation.
- We identified a check made payable to Turner's family member for \$1,300 with the memo noting it was "for work on building". The payment to the family member did not have any supporting documentation. There was no discernable endorsement on the canceled check.

The *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

PATRIOT VOLUNTEER FIRE DEPARTMENT
RESULTS AND COMMENTS
(Continued)

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

- a. Accurate, current and complete disclosure of the financial results of each government sponsored project or program.
- b. Records that adequately identify the source and application of funds for government sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays and income.
- c. Effective control over and accountability for all funds, property and other assets.
- d. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation."

Turner was requested to reimburse the Fire Department \$4,800 for unsupported payments made to individuals with Fire Department funds. (See Summary of Charges, page 9)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of Fire Department expenditures.

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Turner was requested to reimburse the State of Indiana \$18,631.59 for special investigation costs. (See Summary of Charges, page 9)

INTERNAL CONTROL DEFICIENCIES

There were deficiencies noted in the internal controls regarding Fire Department expenditures. Adequate supporting documentation of the expenditures was not always maintained. There was no oversight of the expenditures to ensure the appropriateness of the expenditures for Fire Department use.

The *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, Section H, states in part:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

Maintaining a financial management system that provides: . . .

- c. Effective controls over and accountability for all funds, property and other assets. . . ."

PATRIOT VOLUNTEER FIRE DEPARTMENT
RESULTS AND COMMENTS
(Continued)

INVESTIGATION BY LAW ENFORCEMENT AGENCY

An investigation into the expenditures of the Fire Department has also been conducted by the Indiana State Police.

CRIME INSURANCE COVERAGE

The following is information regarding crime insurance obtained by the Fire Department. Insurance coverage lapsed and was, subsequently, cancelled by the insurance company effective July 17, 2016.

<u>Period</u>	<u>Amount</u>
07-17-13 to 07-17-14	\$ 30,000
07-17-14 to 07-17-15	30,000
07-17-15 to 07-17-16	30,000
07-17-16 to 07-17-17	-
07-17-17 to 07-17-18	-
07-17-18 to 07-17-19	-

PATRIOT VOLUNTEER FIRE DEPARTMENT
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2019, with Gordon Wayne Turner, Jr., Fire Chief.

Patriot Volunteer Fire Department
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Gordon Wayne Turner, Jr., Fire Chief:			
Fire Department Funds Expended for Non-Fire Department Use, pages 3 and 4	\$ 34,862.77	\$ -	\$ 34,862.77
Unauthorized Payments to Fire Chief, pages 4 and 5	18,610.00	-	18,610.00
Payments to Individuals without Supporting Documentation, pages 5 and 6	<u>4,800.00</u>	<u>-</u>	<u>4,800.00</u>
Subtotals	58,272.77	-	58,272.77
Special Investigation Costs, page 6	<u>18,631.59</u>	<u>-</u>	<u>18,631.59</u>
Totals	<u>\$ 76,904.36</u>	<u>\$ -</u>	<u>\$ 76,904.36</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)

MORGAN COUNTY)

I, William F. Vinson, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Patriot Volunteer Fire Department, Switzerland County, Indiana, for the period from January 1, 2014 to November 30, 2018, is true and correct to the best of my knowledge and belief.

Wm. F. Vinson
Field Examiner

Subscribed and sworn to before me this 25th day of February, 2019

Brenda J. Davis
Notary Public

My Commission Expires: FEBRUARY 6, 2025

County of Residence: MORGAN