

# State Board of Accounts Special Investigations



## SBOA Special Investigations Role

- ▶ Assess situations where there is an indication of fraud or other criminal activity involved (Situations = complaints into the SBoA, issues that come up in routine audits, self referrals, law enforcement referrals)
- ▶ Where appropriate, conduct a focused investigation on the activities related to the potential criminal activity
- ▶ Coordinate with law enforcement, prosecutors, and the Indiana Attorney General to resolve the matter through the judicial system
- ▶ Prevent the misuse of public resources through education and outreach

## Requirement to Report

- ▶ Indiana Code 5-11-1-27(j) states, in part:
  - ▶ “All erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the state board of accounts . . .”

## What to Expect from Special Investigations

- ▶ In initial call, we will notate the who, what, when, where, and how much with contact info
- ▶ Assess the situation to determine if its with SBoA's jurisdiction
- ▶ When appropriate, conduct focused audit/investigation
- ▶ When appropriate, coordinate with law enforcement (generally ISP and FBI)

## Keep in Mind

- ▶ The matter will take time to resolve
- ▶ Emotions can run high
- ▶ Investigations are conducted with the highest level of professionalism
- ▶ Mismanagement, sloppiness, and ethical lapses are not criminal

## Theft in Government at the Local Level Does Happen

1. County Auditor caught using the County Credit card for personal items totaling over \$ 129,000.00
2. Cash collection from a Utility not deposited totaling over \$ 150,000
3. School Treasurer caught using the School Credit card for over \$ 275,000 of personal expenses
4. School Maintenance Director caught taking kickbacks from a vendor. Kickbacks identified totaled over \$ 115,000. Excess costs incurred by the school as a result of the Kickbacks totaled over \$ 825,000.
5. Township Trustee CFO stole over \$ 340,000 using dummy checking accounts.
6. While these are all high profile cases, we process a large number of special investigations related to thefts in the \$ 1000 to \$ 10,000 range each year.



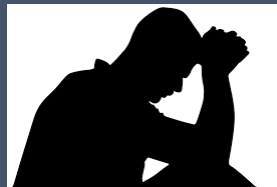
## Reasons a “Good Person” May Resort to Theft

1. Expenses related to an Accident or Illness involving a Family Member
2. Spouse’s loss of job
3. Debt
4. Passed up for a truly deserved raise
5. Just “borrowing” with intent to pay back the amount taken



## Darker Reasons often Unknown to Fellow Workers

1. Drugs
2. Gambling Debts or Other Uncontrollable Habits
3. Blackmail
4. Greed
5. Irrational desire to provide everything possible for Grandchildren or Family



And the number one reason?

**BECAUSE THEY CAN!**

STRONG INTERNAL CONTROLS ARE THE  
BEST METHOD FOR PREVENTING FRAUD

TRUST IS NOT AN INTERNAL CONTROL

## Reasons to Feel Comfortable Contacting SBOA

1. Information can be provided confidentially.
2. We do not jump to conclusions based on rumor, innuendo or newspaper or social media comments.
3. We discreetly assess initial reports before taking any additional action.
4. We are an independent outside agency and come into an investigation with no bias or agenda.

## What to do if you suspect criminal activity

Contact SBOA as soon as possible

SBOA Director for your unit

SBOA website ([www.in.gov/sboa/](http://www.in.gov/sboa/))

Mark Mahon, 317-232-2513

Regular SBOA audit team if they are on-site