

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

SPECIAL INVESTIGATION REPORT

OF

COUNTY AUDITOR

JACKSON COUNTY, INDIANA

March 1, 2023 to December 31, 2023



FILED
12/04/2024

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Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF JACKSON COUNTY, INDIANA

This is a special investigation report for Jackson County (County), for the period March 1, 2023 to December 31, 2023, and is in addition to any other report for the County as required under Indiana Code 5-11-1. All reports pertaining to the County 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 and were limited to records associated with the County Auditor's Office. 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.

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

September 26, 2024

COUNTY AUDITOR
JACKSON COUNTY
RESULTS AND COMMENTS

BACKGROUND

Staci L. Eglen (Eglen) was caucused in as County Auditor on March 10, 2023, after the prior County Auditor resigned. Eglen held the position of Hamilton Township Trustee until February 21, 2023. On February 21, 2023, Jonathan Eglen, husband of Eglen, was caucused in as the Hamilton Township Trustee. Eglen began receiving pay as the Hamilton Township Secretary in March 2023.

The Indiana State Board of Accounts (SBOA) received concerns regarding a reimbursement made to Eglen from County funds.

The following describes noncompliance with state statutes or the *Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana*.

FABRICATED INVOICES SUBMITTED BY EGLEN

Eglen submitted two fabricated invoices totaling \$3,991 to the County for payment. Eglen was issued the following checks for the invoices submitted:

<u>Check Number</u>	<u>Date Issued</u>	<u>Payee</u>	<u>Amount</u>
85156	10-17-23	Staci Eglen	\$ 2,441
85952	12-01-23	Staci Eglen	<u>1,500</u>
Total			<u>\$ 3,941</u>

The first invoice, in the amount of \$2,441, was for an office supply company used by the County. The invoice contained no date or invoice number. In addition, the invoice contained a copy line, and the body of the invoice slanted upwards on the page, indicating the invoice had been manufactured.

The claim attached to the invoice showed the payee as the office supply company, and the description was "toner for printers, scanners, copiers." The claim was signed by Eglen under the statement "I hereby certify that the attached invoices(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received." Eglen also signed under the statement "I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-2."

On the Vendor Analysis Report provided by Eglen on March 12, 2024, the payee name for this check was the office supply company. On the Vendor Analysis Report provided by another County Auditor's office employee on March 20, 2024, the payee name was "Staci L Eglen."

On the check printout, the expenditure was described as "End of Year Expenses for Employees." On the View History by Vendor Report, the account description was "Employee Recognition."

A review of cancelled check number 85156 determined that the check payee was Staci L Eglen, not the office supply company. Eglen signed the check and deposited \$541 into her personal bank account and was given cash of \$1,900 on October 20, 2023.

COUNTY AUDITOR
JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

On March 21, 2024, the SBOA contacted the office supply company and provided them with a copy of the invoice. The vendor confirmed the following:

- The invoice submitted by Eglen was not issued by the office supply company.
- The only part of the invoice that looked correct was the top portion.
- The vendor's invoices and statements do not look like the invoice provided by Eglen.
 - They do not contain pictures of the products.
 - They contain an invoice number.
 - They contain a date.
- The vendor does not show any receipt of \$2,441 from the County.

The second invoice, in the amount of \$1,500, was for an office equipment supplier used by the County. When footed, the invoice was \$1,500.03, not \$1,500. In addition, the invoice contained fuzzy lines and extra markings, indicating the invoice had been altered or fabricated.

When reviewing other valid invoices paid to this vendor, an invoice was found that contained information similar to the invoice submitted by Eglen. The following are the results of comparing the two invoices:

	Valid Vendor Invoice	Invoice Submitted by Eglen
Invoice Number	6127200	7200
Invoice Date	04-OCT-23	OCT-23
Customer Number (in heading)	TOBY7MU	7MU
Customer Number (in body)	TOBY7MU	Y7MU
Ship to and Bill to	"County of Jackson, Prudue Extension" {sic}	"County of Jackson," {sic}
Contract Number	US0099452MA	US009945

On March 21, 2024, the SBOA contacted the office equipment supplier and provided them with a copy of the invoice. The vendor confirmed the following:

- The invoice submitted by Eglen was not issued by the office equipment supplier.
- The contract number on the invoice submitted by Eglen was correct, but that contract was billed quarterly, not in six-month installments.
- The office equipment supplier does not sell or service HP or Sharp copiers.
- The office equipment supplier did not receive a payment from the County for either \$1,500 or \$1,500.03.
- 7MU and Y7MU are not valid customer numbers.

COUNTY AUDITOR
 JACKSON COUNTY
 RESULTS AND COMMENTS
 (Continued)

- 7200 was not a valid invoice number.

The claim was signed by Eglen under the statement "I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received." Eglen also signed under the statement "I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-2."

On April 29, 2024, the SBOA and the Indiana State Police met with Eglen. Eglen admitted to fabricating the two invoices.

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 Counties of Indiana, Chapter 1)

We requested Eglen reimburse the County for the reimbursements received from the fabricated invoices in the amount of \$3,941. (See Summary of Charges, page 9)

HAMILTON TOWNSHIP CHECKS DEPOSITED INTO EGLEN'S PERSONAL BANK ACCOUNT

The following County checks were issued to Hamilton Township for local option income tax (LIT) and commercial vehicle excise tax (CVET) distributions. These checks were made payable to "Hamilton Twp Trustee Attn: Staci Eglen."

<u>Check Date</u>	<u>Check Number</u>	<u>Check Amount</u>
11-03-23	85525	\$ 261.17
11-08-23	85571	705.00
12-07-23	85984	<u>261.13</u>
Total		<u>\$ 1,227.30</u>

On December 7, 2023, these checks were voided and reissued as one County check (86005), in the amount of \$1,227.30, made payable to "Hamilton Twp Trustee or Staci Eglen."

Check number 86005 was deposited into the personal bank account of Eglen on December 7, 2023.

In addition, check number 86021, in the amount of \$13,529.15, was issued to Hamilton Township for property tax distributions on December 11, 2023. This check was made payable to "Hamilton Twp Trustee or Staci Eglen."

Check number 86021 was deposited into the personal bank account of Eglen on December 11, 2023.

COUNTY AUDITOR
JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

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 Counties of Indiana, Chapter 1)

We requested Eglen reimburse the County for the Hamilton Township checks deposited into her personal bank account in the amount of \$14,756.45. (See Summary of Charges, page 9)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the County.

Indiana Code 5-11-1-27(m) states in part:

"If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

- (1) Costs incurred by the state board of accounts . . ."

We requested Eglen reimburse the State of Indiana \$5,360.53 for special investigation costs. (See Summary of Charges, page 9)

INTERNAL CONTROL DEFICIENCIES

Due to proper segregation of duties and internal controls, County officials were able to discover the fabricated invoices submitted by Eglen and the reissued checks deposited in Eglen's personal bank account.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. . . ."

COUNTY AUDITOR
JACKSON COUNTY
RESULTS AND COMMENTS
(Continued)

CRIME INSURANCE

The following is information regarding crime insurance obtained by the County:

<u>Period</u>	<u>Amount</u>
01-01-23 to 12-31-23	\$ 1,000,000

INVESTIGATION BY LAW ENFORCEMENT

It is our understanding that an investigation is also being conducted by the Indiana State Police.

COUNTY AUDITOR
JACKSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2024, with Brady Riley, President of the County Council; Drew Markel, President of the Board of County Commissioners; and Hans Eilbracht, County Auditor.

COUNTY AUDITOR
 JACKSON COUNTY
 SUMMARY OF CHARGES
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Staci Eglen, former County Auditor:			
Fabricated Invoices Submitted by Eglen, pages 3 through 5	\$ 3,941.00	\$ -	\$ 3,941.00
Hamilton Township Checks Deposited			
into Eglen's Personal Bank Account, pages 5 and 6	14,756.45	-	14,756.45
Special Investigation Costs, page 6	<u>5,360.53</u>	<u>-</u>	<u>5,360.53</u>
 Totals	 <u>\$ 24,057.98</u>	 <u>\$ -</u>	 <u>\$ 24,057.98</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)
Marion COUNTY)

I, Tammy L. Perez, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Jackson County, Indiana, for the period from March 1, 2023 to December 31, 2023, is true and correct to the best of my knowledge and belief.

Tammy L. Perez
Field Examiner

Subscribed and sworn to before me this 4 day of DECEMBER, 2024.

Juanita M. Hendricksen
Notary Public

My Commission Expires: 10.19.31

County of Residence: HENDRICKS

