

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

AUDIT REPORT

OF

TOWN OF CHESTERFIELD - SPECIAL

MADISON COUNTY, INDIANA

January 1, 2007 to January 31, 2009



FILED
10/26/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Town Officials.....	2
Transmittal Letter	3
Audit Results and Comments:	
Unsubstantiated Travel and Reimbursements - Marshal	4-6
Unsubstantiated Repair of Town Equipment.....	6-8
Unsubstantiated Maintenance and Repair Work on Town Property	8-9
Payroll Overpayments to Employees	10-12
Unauthorized Personal Services	13
Former Clerk-Treasurer Travel Reimbursements	14-16
Penalties and Interest.....	16
Computer Purchases	16-17
Unsubstantiated Miscellaneous Payments to Former Clerk-Treasurer.....	18-19
Unsupported Petty Cash Disbursements	19-20
Cell Phone Usage.....	20-21
Unsubstantiated Reimbursement for Tools	21-22
Cash Necessary to Balance, Bank Reconciliations.....	22-23
Bond Coverage.....	23
Malfeasance, Misfeasance, or Nonfeasance	23-24
Audit Costs	24
Exit Conference.....	25
Official Response	26-27
Summary	28-29
Affidavit	31

TOWN OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christopher Parrish Candy Bennett	01-01-04 to 01-31-09 02-01-09 to 12-31-11
President of the Town Council	Jack Taylor	01-01-07 to 12-31-09
Utility Superintendent	Christopher Walters	01-01-07 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF CHESTERFIELD, MADISON COUNTY

We have audited the records of the Clerk-Treasurer for the period from January 1, 2007 to January 31, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Biennial Report of the Town of Chesterfield for the years 2007 and 2008.

STATE BOARD OF ACCOUNTS

September 23, 2009

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS

UNSUBSTANTIATED TRAVEL AND REIMBURSEMENTS - MARSHAL

The Chesterfield Town Marshal, James (Jamie) Kimm, submitted thirty-one claims for reimbursement of out-of-state mileage incurred using his personal vehicle. The claims listed travel from Chesterfield to locations such as San Diego, California; Seattle, Washington; Portsmouth, New Hampshire; and Las Vegas, Nevada.

These travel reimbursements ranged in amount from \$924.00 to \$1,967.28 and totaled \$52,553.06. The following schedule lists the various destinations including the number of miles traveled and amount reimbursed.

DATES TRAVELED	LOCATION TRAVELED TO	MILES TRAVELED	AMOUNT	CHECK NUMBER	DATE
01-10-07	Cape Canaveral, Florida and return	2204	\$ 881.60	13385	01-09-07
02-27-07	McDill AFB, Florida and return	2050			
03-15-07	McDill AFB, Florida and return	2150	1,680.00	13536	03-12-07
12-03-07	Tampa, Florida and return	2084			
12-11-07	Fort Drum, New York and return	1413	1,468.74	14400	12-17-08
01-07-08	Homestead, Florida and return	2,549	1,070.58	14489	01-14-08
01-14-08	Ft. Hood, Texas and return	2,218	931.56	14488	01-14-08
01-21-08	Hill, Utah and return	3,165			
01-29-08	Eglin, Florida and return	1,519	1,967.28	14508	01-29-08
02-06-08	Cape Canaveral, Florida and return	2,787			
02-11-08	Oklahoma City, Oklahoma and return	1,677	1,874.88	14587	02-20-08
Not indicated	Texas, Florida, Maryland, and return	4,133	1,735.86	14674	03-24-08
02-22-08	Hill, Utah and return	3,140	1,318.80	14684	04-07-08
03-03-08	Pendleton, California and return	4,325	1,816.50	14749	04-18-08
03-15-08	Mississippi, Florida, North Carolina and return	3,040	1,276.80	14751	04-21-08
03-24-08	Las Vegas, Nevada and return	4,320	1,776.60	14760	05-02-08
04-07-08	San Diego, California and return	4,369	1,834.98	14763	05-07-08
04-21-08	Phoenix, Arizona and return	3,791	1,592.22	14765	05-07-08
05-07-08	Seattle, Washington and return	4,417	1,855.26	14789	05-16-08
05-16-08	Tampa, Florida and return	2,200	924.84	14893	07-02-08
05-22-08	Albuquerque, New Mexico and return	2,275	1,144.50	14842	05-28-08
05-28-08 to 05-31-08	Seattle, Washington and return	4,655	1,955.10	14871	06-13-08
06-03-08 to 06-07-08	New Hampshire, Florida, Louisiana and return	4,250	1,785.00	14876	06-20-08
06-10-08 to 06-13-08	Georgia, Texas and return	3,125	1,312.50	14881	06-25-08
06-14-08 to 06-16-08	Raleigh, North Carolina and return	1,276			
06-17-08 to 06-19-08	Elsworth, South Dakota and return	2,452			
06-20-08	Lansing, Michigan and return	562	1,801.80	14894	07-02-08
06-24-08 to 06-30-08	Sacramento, California and return	4,645	1,950.90	14989	07-16-08
07-05-08 to 07-08-08	Colorado, Montana and return	3,458	1,452.36	14993	07-22-08
07-10-08 to 07-13-08	South Dakota, New Mexico and return	3,525	1,480.50	14998	07-28-08
07-15-08 to 07-17-08	San Antonio, Texas and return	2,664			
07-18-08 to 07-20-08	Atlantic City, New Jersey and return	1,586	1,785.00	14999	07-28-08
07-28-08 to 07-29-08	Houston, Texas and return	2,450			
07-30-08	Pittsburgh, Pennsylvania and return	845	1,257.90	15002	08-01-08
07-22-08 to 07-24-08	Santa Fe, New Mexico and return	2,690			
07-26-08 to 07-27-08	Biloxi, Mississippi and return	1,720	1,852.20	15003	07-31-08
07-31-08 to 08-01-08	Elsworth, South Dakota and return	2,452			
08-03-08 to 08-04-08	Eglin, Florida and return	1,802	1,787.10	15007	08-07-08
08-04-08 to 08-07-08	Florida, Texas and return	3,165	1,329.30	15008	08-07-08
08-09-08 to 08-13-08	Reno, Nevada and return	4,394	1,845.48	15037	08-18-08
08-16-08 to 08-20-08	Texas, South Carolina and return	2,459			
08-21-08 to 08-22-08	New York, New York and return	1,492	1,659.42	15042	08-22-08
08-23-08 to 08-25-08	Las Vegas, Nevada and return	3,772			
08-27-08	Campbell, Kentucky and return	678	1,869.00	15044	08-27-08
Unknown - travel claim not presented for audit			924.00	14841	05-28-08
Unknown - travel claim not presented for audit			1,354.50	15201	10-16-08
Total			<u>\$ 52,553.06</u>		

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

Not all of the claims indicated the business nature of the trip. Of the claims that did, most listed the purpose as "Pick Up DRMO." DRMO, or the Defense Reutilization and Marketing Office, disposes of excess government property received from the military.

We inquired of DRMO Officials through their Internal Review Office in Michigan that oversees all DRMO sites. We specifically asked what documentation would be available to determine if any officials from the Town of Chesterfield had received property from the various DRMO sites. DRMO Officials indicated that a visitor log-in sheet would be available at each DRMO site showing the name, date, and time of arrival and departure for anyone coming onto the base to obtain DRMO equipment. Additionally, any equipment distributed to law enforcement agencies is tracked through an inventory system showing each piece of equipment and to which agency it was given. DRMO Officials checked the visitor logs and requisitioned items at each of its locations and informed us they had no record of anyone from the Town of Chesterfield, including Town Marshal James Kimm, having been at a DRMO location during 2008, nor were any items of equipment distributed to the Town of Chesterfield.

The Town Council adopted Resolution 2002-11, amended by Resolution 2006-03, regarding travel on Town related business using an employee's personal vehicle. The Resolutions state in part: "The Town of Chesterfield will reimburse all allowable expenses incurred for authorized travel pertaining to and necessary for conducting town business." We inquired of Town Council members and reviewed the minutes of the Town Council meetings to see if travel to the locations we have questioned was approved. The minutes of the Town Council meetings did not note Town Council approval. Furthermore, Town Council members indicated they did not grant approval for Marshal Kimm to travel to the locations noted.

These thirty-one travel claims were not presented to or approved by the Town Council as required by statute. All of the claims were certified by Town Marshal James Kimm as being true and correct and that the services itemized were ordered and received. None of the claims were signed by former Clerk-Treasurer Christopher (Chris) Parrish, certifying the invoice was true and correct and audited in accordance with IC 5-11-10-1.6. One of the checks issued to Town Marshal James Kimm was handwritten.

Former Clerk-Treasurer Christopher Parrish entered the checks into the Town's computerized accounting system as "manual" checks. Manual checks are not included on the Accounts Payable detailed listing provided to the Town Council members for review and approval at each Town Council meeting. Therefore, the claims for the mileage reimbursements were never seen by Town Council members and they had no knowledge of the numerous payments to Marshal Kimm until we brought the issue to their attention.

We also reviewed other claims looking for reimbursement of meals, lodging, etc., related to these trips. Given the distances involved, overnight lodging and meals would have been necessary. However, we could not locate, and officials did not present for audit, any claims paid for lodging or meals associated with these out-of-state travel claims.

There is no evidence Town Marshal James Kimm actually traveled in his personal vehicle to the locations listed above. Additionally, the Town Council never approved, or had the opportunity to approve, any travel to these locations, as the travel claims for reimbursement were not presented to them.

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 Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested Town Marshal James Kimm and former Clerk-Treasurer Christopher Parrish, jointly and severally, to reimburse the Town of Chesterfield \$52,553.06 for unsubstantiated travel and reimbursements. (See Summary, pages 28 and 29)

UNSUBSTANTIATED REPAIR OF TOWN EQUIPMENT

We noted twenty-four payments to "Brown's Automotive" for repairs to various pieces of Town equipment, most notably Police Department vehicles. The invoices paid during 2007 and 2008 ranged in amount from \$614.50 to \$8,750.25 and totaled \$115,391.44. The following is a schedule of payments made and description of work from the invoices:

Invoice Number	Service Date	Description of Work Performed	Check		
			Amount	Number	Date
6005	01-05-07	Repairs to 2002 Police car	\$ 614.50	13447	02-20-07
6030	01-23-07	Repairs to 1999 Police car	1,451.50	13447	02-20-07
6122	02-08-07	Repairs to 2006 Police car	1,234.00	13447	02-20-07
2104	02-22-07	Engine rebuild Kawasaki "Mule"	2,166.31	13476	03-01-07
2530	02-26-07	Engine rebuild John Deere "Gator"	789.91	13476	03-01-07
2601	02-28-07	Repairs 2004 Ford Explorer Police Vehicle	842.11	13476	03-01-07
3621	03-05-07	Engine rebuild Kawasaki "Mule"	1,783.37	13533	03-07-07
3982	03-15-07	Repairs on Ford Tractor	916.63	13533	03-07-07
4582	03-24-07	Repairs to Mobile Command Trailer	3,851.06	13581	03-27-07
5028	04-02-07	Engine rebuild Honda 4-wheelers	4,652.35	13582	04-04-07
6022	04-16-07	Repairs to Mobile Command Trailer	4,734.00	13607	04-16-07
6108	04-26-07	Rebuild diesel engine Water Plant	8,750.25	13663	04-26-07
6522	05-09-07	Rebuild generator engine	4,850.21	13753	05-24-07
7233	06-07-07	Engine rebuild police car	2,220.64	13865	07-11-07

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

Invoice Number	Service Date	Description of Work Performed	Check		
			Amount	Number	Date
7020	05-29-07	Engine rebuild sewer machine	7,147.22	13895	07-18-07
8001	08-15-07	Repairs GEM golf cart	2,241.21	13986	08-29-07
8108	08-24-07	Repairs to red Police red "Mule"	2,099.79	13986	08-29-07
8280	09-20-07	Transmission rebuild F-650 dump truck	6,462.40	14084	10-08-07
8952	10-23-07	Rebuild rear end Chevrolet 2500	4,640.00	14114	10-23-07
8516	10-27-07	Repairs GEM golf cart	3,675.00	14274	11-01-07
8958	12-05-07	Rebuild of Ford F-250	3,627.50	14349	12-05-07
8959	12-05-07	Rebuild of leaf machine	3,627.50	14349	12-05-07
8970	12-27-07	Water plant engine rebuild	6,547.53	14430	12-27-07
1250	01-17-08	Engine rebuild generator	2,250.00	14491	01-17-08
1321	01-17-08	Rebuild rear end Chevrolet 2500	1,275.00	14491	01-17-08
1534	02-07-08	Rebuild rear end Ford F-150	4,290.00	14558	02-07-08
2021	02-26-08	Repairs 2003 Police Car	3,750.45	14594	02-26-08
5533	03-13-08	Street sweeper rebuild	3,955.00	14642	03-13-08
Invoice not included with claim			4,245.00	14683	04-04-08
Unknown; claim missing			6,670.00	14301	11-14-07
Unknown; claim missing			6,255.00	14304	11-20-07
Unknown; claim missing			3,776.00	14401	12-17-07
Total paid to "Brown's Automotive"			<u>\$ 115,391.44</u>		

The invoices for the repairs were generic in appearance and created using standard word processing software. They were not prenumbered by a printing supplier. Each invoice we observed did have an invoice number printed on it; however, the invoice numbers were not always sequential. For example, invoice 8952 was dated October 23, 2007, but invoice 8516 was dated four days later on October 27, 2007. This indicated that the invoice numbers were manually created and not created by computer software that would issue invoice numbers in sequential order.

The invoices contained the name "Brown's Automotive" and an address on Brown Street in Anderson, Indiana. However, the address listed on the invoice is a residential address. Observation of the home and property at the street address listed on the invoices did not indicate any type of commercial automotive work was being performed there.

A claim should be prepared to support each check issued. Claims were missing and not presented for audit for three of the twenty-four checks written to "Brown's Automotive." Of the claims presented for audit, nineteen were certified by Town Marshal James Kimm as being true and correct and that the services itemized were ordered and received. James (Joe) Walters, Maintenance Worker, made the same certification on one claim. One claim did not contain any authorization or certifications. Twenty claims we audited were signed by former Clerk-Treasurer Christopher Parrish, certifying that the invoice was true and correct and audited in accordance with IC 5-11-10-1.6.

Each of the twenty-four checks was made payable to "Brown's Automotive" and was endorsed by former Town Police Officer Joseph Brown. Joseph Brown and Town Marshal James Kimm are half-brothers.

The twenty-four claims to "Brown's Automotive" were not presented to, or approved by, the Town Council as required by statute. Former Clerk-Treasurer Christopher Parrish entered the checks into the Town's computerized accounting system as "manual" checks. Manual checks are not included on the Accounts Payable detailed listing provided to the Town Council members for review and approval at each

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

Town Council meeting. Therefore, the claims for the automotive work at "Brown's Automotive" were never seen by Town Council members and they had no knowledge of the numerous payments to "Brown's Automotive" until we brought the issue to their attention.

Relative to the payments above, there is no evidence that any work was performed on any equipment owned by the Town of Chesterfield. Additionally, the Town Council never approved, or had the opportunity to approve, any of the claims for these expenses, as the claims were not presented to them.

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 Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

We have requested former Town Police Officer Joseph Brown, Town Marshal James Kimm, and former Clerk-Treasurer Christopher Parrish, jointly and severally, to reimburse the Town of Chesterfield \$115,391.44 for unsubstantiated repair of Town equipment. (See Summary, pages 28 and 29)

UNSUBSTANTIATED MAINTENANCE AND REPAIR WORK ON TOWN PROPERTY

We noted twelve claims payable to "J. Felts" for various types of maintenance and repair work on Town property. The claims paid during 2007 and 2008 ranged in amount from \$1,425.00 to \$5,345.56 and totaled \$37,600.32. The following is a schedule of invoices paid and description of work reported to have been performed:

Date of Service	Invoice Number	Description	Check		
			Amount	Number	Date
03-20-07	32007	Painted parts on inside Water Plant	\$ 2,750.76	13579	04-03-07
04-10-07	41007	Sealed roof at Makepeace Park	5,345.56	13612	04-17-07
05-01-07	05	Painted six 20 foot garage doors	1,425.00	13746	05-22-07
		Unknown-Claim is missing	3,549.00	14382	11-30-07
		Unknown-Claim is missing	2,275.00	14411	12-21-07
		Unknown-Claim is missing	4,125.00	14413	12-26-07
12-14-07	01042008	Sealed Town Hall basement walls	3,675.00	14440	01-03-08
12-20-07	None	Replace block at Park, sealed windows	3,130.00	14468	01-09-08
		Unknown-Claim is missing	2,850.00	14503	01-24-08
Not indicated	010212008	Sealed roof at Memorial Hall, Park, Garage	4,675.00	14556	02-07-08
Not indicated	05202008	Strip/wax, clean carpet Clerk's Office	1,850.00	14851	06-09-08
Not indicated	10022008	Sealed lift station at St. Rd. 67 and painted	1,950.00	15237	11-08-08
Total			<u>\$ 37,600.32</u>		

The invoices for the maintenance and repairs were generic in appearance and created using standard word processing software. Some of this work was questionable in that Town personnel indicated it was never performed. For example, employees in the Clerk/Utility office stated the carpets

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

have never been cleaned since they moved into their building several years ago. Also, they indicated there is standing water in the basement of the building, even though "J. Felts" was paid for sealing the basement walls in December 2007.

Because of the generic appearance of the invoices, the volume and amount of the payments, and the questions raised about work performed, we attempted to contact "J. Felts" but were unsuccessful. Several times we called a telephone number that appeared on one invoice for work performed, but no one answered. We inquired of Town Council members if any of them knew of, or had knowledge of, how to reach a "J. Felts." No Town Council member had ever heard that name or was aware the Town had paid this person for maintenance and repair work.

Of the twelve payments to "J. Felts," four claims could not be located and were not presented for audit. Of the eight available for audit, five were certified by Utility Superintendent Christopher (Chris) Walters as being true and correct and that the services itemized were ordered and received. Christopher Walters was shown the paperwork for these five payments and indicated the work described was never completed. Maintenance Worker James Walters made the same certification on one claim. The remaining two claims were not certified. Eight claims were signed by former Clerk-Treasurer Christopher Parrish certifying that the invoice was true and correct and audited in accordance with IC 5-11-10-1.6.

The twelve claims to "J. Felts" were not presented to or approved by the Town Council as required by statute. Former Clerk-Treasurer Christopher Parrish entered the checks into the Town's computerized accounting system as "manual" checks. Manual checks are not part of the Accounts Payable detailed listing provided to the Town Council members for review and approval at each Town Council meeting. Therefore, the claims for the maintenance and repair work performed by "J. Felts" were never seen by Town Council members and they had no knowledge of the payments to "J. Felts" until we brought the issue to their attention.

There is no evidence of any maintenance or repairs performed by "J. Felts" on any property owned by the Town of Chesterfield. Additionally, the Town Council never approved, or had the opportunity to approve, any of the claims to pay for these expenses as the claims were not presented to them.

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 Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

We have requested former Clerk-Treasurer Christopher Parrish, Utility Superintendent Christopher Walters, and Maintenance Worker James Walters, jointly and severally, to reimburse the Town of Chesterfield \$37,600.32 for unsubstantiated maintenance and repair work on Town property. (See Summary, pages 28 and 29)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

PAYROLL OVERPAYMENTS TO EMPLOYEES

We noted instances where employees were paid for more hours than their time card indicated they worked.

During the audit period, the Deputy Clerk-Treasurer was the main person responsible for preparing the payroll. Hourly maintenance workers were responsible for their own time cards and clocked themselves in and out using a time clock. At the end of each pay period, the employees turned their time cards in to the Deputy Clerk-Treasurer through their supervisors. There was no documented approval of an individual's time card or the hours worked. The Deputy Clerk-Treasurer would receive the time cards, add up the number of regular hours worked and overtime hours worked, input the information into the computerized payroll accounting system, and generate the pay checks to be distributed to employees.

However, at certain times former Clerk-Treasurer Christopher Parrish would prepare the payroll to assist the Deputy. According to the former Deputy Clerk-Treasurer, Christopher Parrish insisted on preparing the payroll approximately once a month to help keep the payroll process fresh in his mind and so he would not forget how to perform the duties, in case the Deputy was ever unavailable. The Deputy Clerk-Treasurer also stated there were several instances when she had performed all the computations from the time cards and the former Clerk-Treasurer took the information and input it into the computer system.

Below is a schedule of the hours reported for maintenance worker James (Joe) Walters compared to the regular and overtime hours he was paid:

Payroll Week Ending	Check Number	Hours per Time Card		Hours paid per "Hours Report - Detail"		Hours Overpaid
		Regular	Overtime	Regular	Overtime	
07-29-07	16218	40.00	5.95	40.00	15.95	10.00
09-02-07	16323	39.85	2.00	39.85	12.00	10.00
09-30-07	16507	40.00	0.38	40.00	10.38	10.00
10-21-07	16570	40.00	4.18	40.00	18.00	13.82
11-11-07	16626	40.00	-	40.00	35.00	35.00
11-18-07	16651	40.00	-	40.00	46.00	46.00
11-25-07	16664	40.00	-	40.00	46.00	46.00
12-02-07	16688	40.00	-	40.00	42.00	42.00
02-24-08	16941	40.00	-	40.00	25.00	25.00
03-23-08	17021	40.00	1.50	40.00	21.50	20.00
04-13-08	17096	40.00	-	40.00	40.00	40.00
04-27-08	17122	40.00	8.00	40.00	33.00	25.00
05-18-08	17194	40.00	-	40.00	48.50	48.50
06-08-08	17255	40.00	2.00	40.00	75.50	73.50
07-13-08	17368	40.00	3.00	40.00	42.00	39.00
08-03-08	17411	39.55	4.60	40.00	45.60	41.45
09-07-08	17520	40.00	1.00	40.00	47.50	46.50
Total hours overpaid						<u><u>571.77</u></u>

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

Below is a schedule of the hours reported for Utility Superintendent Christopher (Chris) Walters compared to the regular and overtime hours he was paid:

Payroll Week Ending	Check Number	Hours per Time Card		Hours paid per "Hours Report - Detail"		Hours Overpaid
		Regular	Overtime	Regular	Overtime	
01-27-08	16855	40.00	3.00	40.00	38.00	35.00
05-18-08	17191	40.00	-	40.00	42.00	42.00
06-08-08	17252	40.00	5.00	40.00	50.50	45.50
07-13-08	17365	38.87	4.00	38.87	34.00	30.00
08-03-08	17408	40.00	11.05	40.00	41.05	30.00
09-07-08	17517	32.00	3.00	40.00	3.00	8.00
Total hours overpaid						<u>190.50</u>

We asked the employees about the discrepancies. They stated they began cleaning the Town's catch basins in 2007 after they had clocked out and did not record the hours spent cleaning on their time cards. Both employees indicated they were directed to do this by former Clerk-Treasurer Christopher Parrish. The employees indicated they would report any time spent working on the basins verbally to former Clerk-Treasurer Christopher Parrish for him to record. According to the employees, former Clerk-Treasurer Christopher Parrish said the Town did not have the money to pay them at the time the cleanings began so they were not to show it on their time cards and he would make sure they were paid for their time on subsequent paychecks.

We found a listing of the Town's catch basins, their locations, and some dates that indicated when they were cleaned. However, the listing did not indicate any number of hours worked or which employee cleaned the basin. There was no other supporting documentation presented for audit to document the actual number of hours worked for the overpaid time for either Maintenance Worker James Walters or Christopher Walters.

Our inspection of the employee's time cards indicated that on many occasions it appeared that former Clerk-Treasurer Christopher Parrish's handwriting was on the time cards that contained inflated hours. We could not determine who input the hours into the computerized payroll accounting system for any of the pay periods due to only one computer user name being used by Town personnel.

The payroll information for the individual pay periods was not presented to or approved by the Town Council. A prescribed Payroll Schedule and Voucher, General Form 99, or an approved alternative, was not being used to detail each employee's payroll information.

For each pay period with additional hours added, we computed the gross wages for the hours that should have been paid, subtracted the applicable taxes and withholdings on the proper gross wages, and calculated what the employee's net pay should have been. We compared that total to the actual paychecks in order to determine the amount Maintenance Worker James Walters and Utility Superintendent Christopher Walters actually received in excess of what they should have received. We determined that Maintenance Worker James Walters received \$4,003.32 and \$6,393.16 in 2007 and 2008, respectively, for the overpaid hours. We determined that Utility Superintendent Christopher Walters received \$4,033.58 in 2008, for the overpaid hours.

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

Additionally, both Maintenance Worker James Walters and Utility Superintendent Christopher Walters received benefits from the Town such as Social Security, Medicaid, and retirement funding based on the gross wages calculated using the inflated hours. The total of the benefits received by James Walters and Christopher Walters during the audit period was \$2,606.40 and \$959.18, respectively.

We have requested Maintenance Worker James Walters and former Clerk-Treasurer Christopher Parrish, jointly and severally, to reimburse the Town of Chesterfield the total of \$13,002.88 (\$4,003.32 plus \$6,393.16 plus \$2,606.40) in wages and benefits received for hours not worked. (See Summary, pages 28 and 29)

We have requested Utility Superintendent Christopher Walters and former Clerk-Treasurer Christopher Parrish, jointly and severally, to reimburse the Town of Chesterfield the total of \$4,992.76 (\$4,033.58 plus \$959.18) in wages and benefits received for hours not worked. (See Summary, pages 28 and 29)

IC 35-44-2-4 states in part:

"(a) A public servant who knowingly or intentionally:

- (1) hires an employee for the governmental entity that he serves; and
- (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony.

(b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony.

(c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony . . ."

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 Cities and Towns, Chapter 7)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

UNAUTHORIZED PERSONAL SERVICES

Former Clerk-Treasurer Christopher Parrish issued three checks to two individuals for "personal services." We inquired of current Clerk-Treasurer's Office personnel about these payments and learned that former Clerk-Treasurer Christopher Parrish approached the Town Council and requested approval to hire a personal secretary to assist him in his duties. Although not formally documented in the minutes of Town Council meetings, current Town personnel said the Town Council denied his request. However, Mr. Parrish paid two persons with Utility funds to assist him anyway.

The first person was issued two checks totaling \$1,200 (\$600 from the Water and Wastewater Utilities, respectively). The first check was issued on December 30, 2007, and the second check was issued on January 2, 2008. Current Town employees indicated this person did come in a few times to file papers, etc., but never stayed more than approximately an hour.

The second person was paid \$600 on December 31, 2007. This individual was a relative of a current Town employee and upon reflecting on the situation, decided she was not comfortable accepting the payment. She returned the money, which was receipted back into the Town's records on January 22, 2008.

The claims for these "personal services" were not presented to or approved by the Town Council as required by statute. Former Clerk-Treasurer Christopher Parrish entered the checks into the Town's computerized accounting system as "manual" checks. Manual checks are not included on the Accounts Payable detailed listing provided to the Town Council members for review and approval at each Town Council meeting. Therefore, the claims for "personal services" were never seen by Town Council members and they had no knowledge of these payments until we brought the issue to their attention.

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 Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

We have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town of Chesterfield \$1,200.00 for the unauthorized payments not already reimbursed for unauthorized personal services. (See Summary, pages 28 and 29)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

FORMER CLERK-TREASURER TRAVEL REIMBURSEMENTS

The former Clerk-Treasurer, Christopher Parrish, submitted twenty-seven claims for reimbursement of mileage expenses incurred with his personal vehicle. The following schedule lists the number of miles traveled and amounts reimbursed:

Reimbursed in 2007					
Month of Travel	Miles	Check			
	Traveled	Amount	Date	Number	
December 2006	800	\$ 320.00	01-04-07	13343	
January 2007	942	376.80	02-01-07	13425	
February 2007	892	356.80	03-01-07	13477	
March 2007	469	187.60	04-09-07	13603	
April 2007	927	370.80	05-03-07	13674	
May 2007	725	290.00	06-02-07	13758	
June 2007	706	282.40	07-06-07	13857	
July 2007	544	217.60	08-09-07	13949	
August 2007	486	424.60	09-01-07	13987	
September 2007	458	183.20	10-02-07	14078	
October 2007	898	359.20	11-01-07	14273	
November 2007	1,204	505.68	11-30-07	14380	
December 2007	602	241.20	12-14-07	14376	
December 2007	999	419.58	12-21-07	14408	
	<u>10,652</u>	<u>\$ 4,535.46</u>			

Reimbursed in 2008					
Month of Travel	Miles	Check			
	Traveled	Amount	Date	Number	
January 2008	679	\$ 285.18	01-04-08	14442	
January 2008	686	288.12	01-18-08	14492	
January 2008	741	311.22	01-25-08	14506	
February 2008	975	409.50	02-29-08	14597	
March 2008	845	354.90	03-24-08	14672	
April 2008	595	249.90	04-04-08	14682	
April 2008	972	408.24	04-29-08	14754	
May 2008	1,176	493.92	05-30-08	14843	
June 2008	1,468	616.56	06-28-08	14885	
July 2008	1,031	433.02	08-01-08	15004	
August 2008	1,130	474.60	08-30-08	15057	
September 2008	946	397.32	09-30-08	15112	
October 2008	925	388.50	10-25-08	15213	
	<u>12,169</u>	<u>\$ 5,110.98</u>			

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

While he was with the Town, not only was Christopher Parrish the Clerk-Treasurer but he also served as part-time Town Manager. According to current Town personnel, Mr. Parrish had indicated his travel expenses consisted mainly of traveling around the town and checking on the daily activities and projects of the Town's employees.

In February 2007, the Town Council voted to revise the travel policy to include the travel expenses of elected officials and Town Council members. The policy states in part: "Reimbursable travel expenses include: . . . transportation expenses incurred by employees on town business requiring them to leave (the) geographical boundaries of Chesterfield."

We had several concerns regarding the travel claims submitted by former Clerk-Treasurer Christopher Parrish. The number of miles traveled each month seemed excessive. The average number of monthly miles driven was 992. The average number of daily miles driven was 50, assuming twenty business days in a month.

The vast majority of the travel claims lacked documentation as to the reason the business miles were being driven. The travel claims listed only the date, beginning odometer and ending odometer readings, with the total miles being claimed also indicated. In the column for the description or nature of the business being conducted, occasionally former Clerk-Treasurer Christopher Parrish would write nonspecific items such as "Commonwealth" or "Umbaugh."

Some of the claims were missing and not presented for audit. There were twenty-seven checks issued to former Clerk-Treasurer Christopher Parrish for travel related expenses. For each check, there was a corresponding Accounts Payable Voucher (City/Town Form 201). However, the form detailing the dates of travel and the distances, Mileage Claim (General Form 101), was not presented for audit in six instances. Without these forms detailing the travel being claimed, it was not possible to substantiate the amount paid to former Clerk-Treasurer Christopher Parrish.

The claims for these reimbursements were not presented to or approved by the Town Council prior to payment. Former Clerk-Treasurer Christopher Parrish entered the checks into the Town's computerized accounting system as "manual" checks. Manual checks are not included on the Accounts Payable detailed listing provided to the Town Council members for review and approval at each Town Council meeting.

As a result of the above issues, there is no substantial evidence to validate the amounts paid to former Clerk-Treasurer Christopher Parrish for miles driven in his personal vehicle.

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 Cities and Towns, Chapter 7)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town of Chesterfield the total travel reimbursements of \$9,646.44 (\$4,535.46 plus \$5,110.98) received by him during the years 2007 and 2008. (See Summary, pages 28 and 29)

PENALTIES AND INTEREST

The Town paid \$1,668.97 in penalties and interest during 2007 and 2008 due to the untimely or incorrect remittance of taxes. Penalties and interest totaling \$1,372.40 were paid to the Indiana Department of Revenue and an additional \$296.57 was paid to the Internal Revenue Service. A similar comment appeared in prior Report B30726.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town of Chesterfield \$1,668.97 for penalties and interest assessed and paid by the Town due to the untimely or incorrect remittance of taxes. (See Summary, pages 28 and 29)

COMPUTER PURCHASES

We found five payments for computers or computer related supplies that were not received or used by the Town. Some of the items in question were purchased or invoiced at the same time as equipment we verified as being used for Town business. The items in question and amounts paid are scheduled below:

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

Description	Check		
	Amount	Date	Number
External zip drive for notebook computer	\$ 90.00	01-08-07	13357
Laptop parts	140.98	12-10-07	14357
Acer notebook computer	950.00	12-10-07	14361
3 flash drives	54.00	12-10-07	14361
Replacement notebook power supply	65.00	12-10-07	14361
Repair Acer notebook display panel	420.00	12-10-07	14361
Battery power supply for notebook	110.00	07-14-08	14981
Lenovo ThinkPad notebook	900.00	07-14-08	14981
Laptop bag	21.24	12-14-07	14373
Total	<u>\$ 2,751.22</u>		

The items noted, with one exception, were all purchased from a vendor who operates a computer repair business out of his personal residence. We inquired of the business owner about the items noted on the invoices and he indicated he sold the items to former Clerk-Treasurer Christopher Parrish. The owner indicated some of the items should have never been paid for by the Town as he understood they were going to be for former Clerk-Treasurer Christopher Parrish's personal use. The owner indicated as far as he knew the other items were for Town usage.

We showed the invoices to current Town personnel and inquired where the items were physically located. The Town personnel indicated they had never observed any of them. The above schedule of items includes those that were not physically on hand and had never been observed as being used for Town related business.

Of the accounts payable vouchers presented for audit, all but one was certified by former Clerk-Treasurer Christopher Parrish, as being true and correct and that the services itemized were ordered and received. The remaining one was certified by the Deputy Clerk-Treasurer. All of the accounts payable vouchers presented for audit were signed by former Clerk-Treasurer Christopher Parrish, certifying that the invoice was true and correct and audited in accordance with IC 5-11-10-1.6.

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 Cities and Towns, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

There is no substantial evidence to validate the amounts paid for the computers and related computer supplies noted in the above schedule. Therefore, we have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town of Chesterfield \$2,751.22 for computer purchases or computer related supplies. (See Summary, pages 28 and 29)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

UNSUBSTANTIATED MISCELLANEOUS PAYMENTS TO FORMER CLERK-TREASURER

We found ten payments to former Clerk-Treasurer Christopher Parrish for miscellaneous items that were not supported by sufficient documentation such as invoices, paid receipts, etc. The items noted and amounts are scheduled below:

Description	Amount	Check	
		Date	Number
Alcohol purchased	\$ 11.22	02-22-07	13392
Lunch Meeting	133.39	02-22-07	13450
Mileage to Evansville, IN	284.00	10-23-07	14109
Easements	171.20	11-16-07	14303
Mileage to Columbus, IN	105.84	11-29-07	14345
Food Pantry	59.64	12-21-07	14409
Easements	660.24	12-26-07	14412
Easements	311.22	01-25-08	14506
Battery for Mule Vehicle	69.98	05-19-08	14793
Media card	40.00	05-21-08	14838
Paint	97.35	05-21-08	14838
Total	\$ 1,944.08		

Documentation that was presented indicated the following: the alcohol was purchased during a meeting of Town employees; the lunch meeting was at an Indianapolis restaurant, but the receipt did not list those participating; the mileage trips were not on the prescribed form and did not indicate the nature of the trip; the receipt for the battery listed the warranty information as former Clerk-Treasurer Christopher Parrish's personal car. There was no supporting documentation for the other payments.

Accounts payable vouchers for three payments were not presented for audit. Additionally, five payments were not presented to or approved by the Town Council as required by statute. Former Clerk-Treasurer Christopher Parrish entered these five checks into the Town's computerized accounting system as "manual" checks. Manual checks are not included on the Accounts Payable detailed listing provided to the Town Council members for review and approval at each Town Council meeting. Therefore, the accounts payable vouchers for these five payments were never seen by Town Council members.

Of the accounts payable vouchers presented for audit, all but two were certified by former Clerk-Treasurer Christopher Parrish, as being true and correct and that the services itemized were ordered and received. The remaining two were not certified by anyone as to the services or items being received. All of the accounts payable vouchers presented for audit were signed by former Clerk-Treasurer Christopher Parrish, certifying that the invoice was true and correct and audited in accordance with IC 5-11-10-1.6.

There is no substantial evidence to validate the amounts paid to former Clerk-Treasurer Christopher Parrish for the above noted miscellaneous items.

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 Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

We have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town of Chesterfield \$1,944.08 for unsubstantiated miscellaneous payments made to him without adequate supporting documentation. (See Summary, pages 28 and 29)

UNSUPPORTED PETTY CASH DISBURSEMENTS

We noted several irregularities with disbursements for petty cash. The total of the receipts presented for audit to support the petty cash disbursements was \$3,083.31 less than the total of the checks written payable to petty cash.

Our review noted a petty cash log was maintained by former Clerk-Treasurer Christopher Parrish during the first part of the audit period. The log we reviewed began in September 2005 and continued through January 2008. A log after January 2008 was not presented for audit. We noted that not all petty cash disbursements were recorded on the log during the period it was maintained.

The established petty cash fund contained \$100. In some instances, when purchases were needed to be made and it was anticipated the amount would exceed the \$100 petty cash, a check was written payable to petty cash and cashed. The person cashing the petty cash check was expected to return receipts totaling the amount of the petty cash check or return any unused petty cash for deposit into the Town's bank account. We noted accounts payable vouchers with receipts attached that did not agree to the amount of the check written. There were instances when the receipts totaled more than the check issued; instances when the receipts were less than the check issued; and instances when the receipts matched exactly the amount issued. We also noted accounts payable vouchers with no receipts presented for audit. As stated above, the net effect was the petty cash disbursed exceeded receipts in support of purchases made.

There were two instances where checks made payable to petty cash were cashed by Town Marshal James Kimm. The first check was for \$1,000 and there were no receipts presented or any indication on the accounts payable voucher of a reason for the disbursement. The second petty cash check was for \$700. Again, no receipts to support the disbursement were presented and the accounts payable voucher indicated the cash was "for fugitive in Tennessee." However, there is no evidence Town Marshal James Kimm traveled to Tennessee in regard to any fugitives.

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

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 Cities and Towns, Chapter 7)

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested Town Marshall James Kimm and former Clerk-Treasurer Christopher Parrish, jointly and severally, to reimburse the Town \$1,700.00 for unsupported petty cash disbursements. We have also requested former Clerk-Treasurer Christopher Parrish to reimburse the remaining \$1,383.31 of petty cash disbursements made without adequate supporting documentation. (See Summary, pages 28 and 29)

CELL PHONE USAGE

The Town was paying the monthly personal cell phone bill of former Clerk-Treasurer Christopher Parrish. According to current and former Town Council members, at some point just prior to our audit period at a Town Council meeting, former Clerk-Treasurer Christopher Parrish requested to have his personal cell phone bill paid by the Town due to the quantity of time he spent using the phone for Town business. The discussion that was held was not recorded in the minutes of the Town Council meetings for 2006 through 2008, nor was this arrangement included in the Town's salary ordinances. Town Council members indicated they remembered agreeing to pay for the business related portion of the bill. A log of business calls made was not presented for audit.

We reviewed each claim for former Clerk-Treasurer Christopher Parrish's personal cell phone bill. A detailed listing of the calls made was only available for six of the twenty-four payments made during the audit period. We reviewed the available detailed billings and noted numerous calls that did not appear to be business related. There were several phone numbers called that we could not verify to whom the call was placed; mainly to other cell phone numbers.

Based on the understanding of the Town Council and the limited supporting documentation presented for audit, we totaled the base charge for the plan former Clerk-Treasurer Christopher Parrish had for his personal cell phone and added surcharges and taxes applicable to that plan. We considered this amount the approved amount. We then compared the approved amount to the total of all twenty-four payments. The difference was \$1,284.03 more paid for the monthly bills than the approved amount calculated.

As a result, the Town of Chesterfield paid more for Christopher Parrish's personal cell phone bill than what was considered allowable by the Town Council.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town \$1,284.03 for the amount paid for cell phone usage in excess of what was considered allowable. (See Summary, pages 28 and 29)

UNSUBSTANTIATED REIMBURSEMENT FOR TOOLS

Check 14278 was issued on November 8, 2007, to Maintenance Worker James (Joe) Walters in the amount of \$2,850.00. The handwritten claim had no descriptions, explanations, or reasons for the payment. Attached to the claim was a handwritten listing of tools and other pieces of equipment along with a quantity of each. The list appears to be more of an inventory of items and includes things such as:

2	Floor jacks 3 ton
1	16 inch chain saw Craftsman
2	3 ft. squares
4	Tool boxes full of tools
2	Jumper cables
2	Rakes
1	4 ft. bolt cutter
3	Sledge hammers
1	Box 500 nuts and bolts
100	Different sockets
2	Potato forks
	Several boxes of nails

There were no dollar amounts on the paper to indicate how the payment amount of \$2,850 was calculated.

Maintenance Worker James Walters was interviewed regarding this disbursement and stated he remembered hearing of a citizen who had several pieces of tools and equipment that he wanted to get rid of. Maintenance Worker James Walters told the person the Town would be interested in them and they agreed on a price of \$2,850. Maintenance Worker James Walters stated he contacted former Clerk-Treasurer Christopher Parrish for approval and that Christopher Parrish had obtained the approval, via telephone, of two Town Council members. Maintenance Worker James Walters went to his residence and retrieved \$2,850 in cash and paid the citizen. A receipt from the citizen was not presented for audit. A listing of the items was given to the former Clerk-Treasurer Christopher Parrish, who wrote out a claim and a check payable to Maintenance Worker James Walters to reimburse him for his expense.

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

The handwritten check was made payable to and endorsed by Maintenance Worker James Walters. However, it was not presented to or approved by the Town Council as required by statute. Former Clerk-Treasurer Christopher Parrish entered the check into the Town's computerized accounting system as a "manual" check. Manual checks are not included on the Accounts Payable detailed listing provided to the Town Council members for review and approval at each Town Council meeting. Therefore, this payment was never seen by Town Council members until we brought the issue to their attention.

The claim was certified by Maintenance Worker James Walters as being true and correct and that the services itemized were ordered and received. Former Clerk-Treasurer Christopher Parrish certified that the invoice was true and correct and had been audited in accordance with IC 5-11-10-1.6.

Former Clerk-Treasurer Christopher Parrish, from the information presented for audit, would appear to have misappropriated and/or diverted funds by issuing checks for payments that were not legitimate or authorized.

Sufficient evidence was not presented for audit to substantiate the amount paid to Maintenance Worker James Walters for reimbursement of tools.

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 Cities and Towns, Chapter 7)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

We have requested Maintenance Worker James Walters and former Clerk-Treasurer Christopher Parrish, jointly and severally, to reimburse the Town of Chesterfield \$2,850.00 for unsubstantiated reimbursement for tools. (See Summary, pages 28 and 29)

CASH NECESSARY TO BALANCE, BANK RECONCILIATIONS

Former Clerk-Treasurer Christopher (Chris) Parrish resigned January 31, 2009. A comparison of the records to the bank account on the date of his resignation indicated cash necessary to balance of \$11,657.86.

A comparison of the records to the bank account at December 31, 2007 and 2008, also indicated cash necessary to balance of \$10,416.98 and \$11,837.36, respectively.

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We have requested former Clerk-Treasurer Christopher Parrish to reimburse the Town of Chesterfield \$11,657.86 for the cash necessary to balance the Town's records with the bank account at January 31, 2009. (See Summary, pages 28 and 29)

BOND COVERAGE

The following is a schedule of bond coverage the Town obtained on former Clerk-Treasurer Christopher Parrish:

Surety	Period of Coverage	Bond Number	Bond Amount
Fidelity and Deposit Company of Maryland	01-01-00 to 12-31-07	8478704	\$ 50,000
Fidelity and Deposit Company of Maryland	01-01-08 to 12-31-08	8478704	50,000
Fidelity and Deposit Company of Maryland	01-01-09 to 12-31-09	84787049	50,000

The following is a schedule of bond coverage the Town obtained on Town Marshal James Kimm:

Surety	Period of Coverage	Bond Number	Bond Amount
Fidelity and Deposit Company of Maryland	08-18-04 to 08-17-08	8750031	\$ 8,500
The Ohio Casualty Insurance Company	08-18-08 to 08-18-09	3983391	8,500

The following is a schedule of bond coverage the Town obtained on Utility Superintendent Christopher Walters, Maintenance Worker Joseph Walters, and former Police Officer Joseph Brown:

Surety	Period of Coverage	Bond Amount
Fidelity and Deposit Company of Maryland	01-01-07 to 01-01-08	\$ 7,500
Fidelity and Deposit Company of Maryland	01-01-08 to 01-01-09	10,000

MALFEASANCE, MISFEASANCE, OR NONFEASANCE

Former Clerk-Treasurer Christopher Parrish, from the information presented for audit, would appear to have misappropriated and/or diverted funds by issuing checks for payments to persons, including himself, that were not legitimate or authorized.

TOWN OF CHESTERFIELD - SPECIAL
AUDIT RESULTS AND COMMENTS
(Continued)

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 Cities and Towns, Chapter 7)

AUDIT COSTS

Additional costs were incurred by the State of Indiana during the current audit due to misappropriation of funds by former Clerk-Treasurer Christopher Parrish, Town Marshal James Kimm, Utility Superintendent Christopher Walters, Maintenance Worker James Walters, and former Police Officer Joseph Brown.

Audit costs incurred because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF CHESTERFIELD - SPECIAL
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2009, with Candy Bennett, Clerk-Treasurer; Jack Taylor, President of the Town Council; Karen Wilson, Town Council member; Ron Branham, Town Council member; Rick Waldron, Town Council member; Lynette Carter, Town Council member; and William C. Kregar, Town Attorney.

The contents of this report were discussed on September 23, 2009, with James (Joe) Walters, Maintenance Worker. The official response has been made a part of this report and may be found on page 26.

The contents of this report were discussed on September 23, 2009, with Christopher Walters, Utility Superintendent. The official response has been made a part of this report and may be found on page 27.

Separate Exit Conferences were scheduled to be held with Christopher Parrish, former Clerk-Treasurer; James (Jamie) Kimm, Town Marshal; and Joseph (Joey) Brown, former Police Officer. Each person was notified via certified mailing of the date and time of their respective Exit Conferences. However, none of the three officials attended.

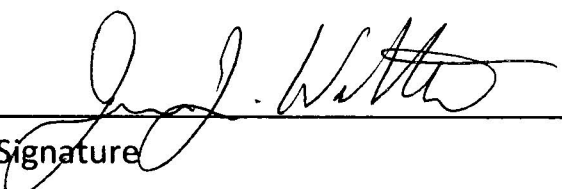
OFFICIAL RESPONSE

From Joe Walters

My official response is that I worked at the direction of my superior, Town Manager and Clerk Treasurer, Chris Parrish. I have never done anything that was not at his direction or by his request.

I have never knowingly violated any laws, regulations, or work rules that are related to my job as an employee of the City of Chesterfield, Indiana.

My actions were in directly related to the Town Manager/Clerk Treasurer.



Signature

9-28-09

Date

OFFICIAL RESPONSE
From Chris Walters

My official response is that I worked at the direction of my superior, Town Manager and Clerk Treasurer, Chris Parrish. I have never done anything that was not at his direction or by his request.

I have never knowingly violated any laws, regulations, or work rules that are related to my job as an employee of the City of Chesterfield, Indiana.

My actions were in directly related to the Town Manager/Clerk Treasurer.



Signature

9-28-09

Date

TOWNS OF CHESTERFIELD - SPECIAL
SUMMARY

	Charges	Credits	Balance Due
James Kimm, Town Marshal; and Christopher Parrish, former Clerk-Treasurer; jointly and severally: Unsubstantiated Travel and Reimbursement, pages 4 through 6	\$ 52,553.06	\$ -	\$ 52,553.06
Joseph Brown, former Police Officer; James Kimm, Town Marshal; and Christopher Parrish, former Clerk-Treasurer; jointly and severally: Unsubstantiated Repair of Town Equipment, pages 6 through 8	115,391.44	-	115,391.44
Christopher Parrish, former Clerk-Treasurer; Christopher Walters, Utility Superintendent; and James Walters, Maintenance Worker; jointly and severally: Unsubstantiated Maintenance and Repair Work on Town Property, pages 8 and 9	37,600.32	-	37,600.32
James Walters, Maintenance Worker; and Christopher Parrish, former Clerk-Treasurer; jointly and severally: Payroll Overpayments to Employees, pages 10 through 12	13,002.88	-	13,002.88
Christopher Walters, Utility Superintendent; and Christopher Parrish, former Clerk-Treasurer; jointly and severally: Payroll Overpayments to Employees, pages 10 through 12	4,992.76	-	4,992.76
Christopher Parrish, former Clerk-Treasurer: Unauthorized Personal Services, page 13	1,200.00	-	1,200.00
Christopher Parrish, former Clerk-Treasurer: Former Clerk-Treasurer Travel Reimbursements, pages 14 through 16	9,646.44	-	9,646.44
Christopher Parrish, former Clerk-Treasurer: Penalties and Interest, page 16	1,668.97	-	1,668.97

TOWNS OF CHESTERFIELD - SPECIAL
SUMMARY
(Continued)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Christopher Parrish, former Clerk-Treasurer: Computer Purchases, pages 16 and 17	2,751.22	-	2,751.22
Christopher Parrish, former Clerk-Treasurer: Unsubstantiated Miscellaneous Payments to Former Clerk-Treasurer, pages 18 and 19	1,944.08	-	1,944.08
James Kimm, Town Marshall; and Christopher Parrish, former Clerk-Treasurer; jointly and severally: Unsupported Petty Cash Disbursements, pages 19 and 20	1,700.00	-	1,700.00
Christopher Parrish, former Clerk-Treasurer: Unsupported Petty Cash Disbursements, pages 19 and 20	1,383.31	-	1,383.31
Christopher Parrish, former Clerk-Treasurer: Cell Phone Usage, pages 20 and 21	1,284.03	-	1,284.03
James Walters, Maintenance Worker; and Christopher Parrish, former Clerk-Treasurer: Unsubstantiated Reimbursement for Tools, pages 21 and 22	2,850.00	-	2,850.00
Christopher Parrish, former Clerk-Treasurer: Cash Necessary to Balance, Bank Reconciliations, pages 21 and 22	<u>11,657.86</u>	-	<u>11,657.86</u>
Totals	<u>\$ 259,626.37</u>	<u>\$ -</u>	<u>\$ 259,626.37</u>

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AFFIDAVIT

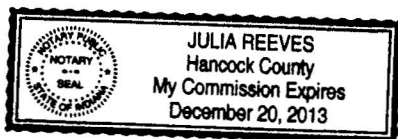
STATE OF INDIANA)
)
HANCOCK COUNTY)

We, Todd E. Caldwell and Jenny M. Wagner, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Town of Chesterfield, Madison County, Indiana, for the period from January 1, 2007 to January 31, 2009, is true and correct to the best of our knowledge and belief.

Todd E. Caldwell

Jenny M. Wagner
Field Examiners

Subscribed and sworn to before me this 13 day of Oct, 2009.



Julia Reeves
Notary Public

My Commission Expires: _____

County of Residence: HANCOCK