

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

SPECIAL INVESTIGATION REPORT

OF

OLIVE TOWNSHIP

ST. JOSEPH COUNTY, INDIANA

January 1, 2014 to May 31, 2017



FILED
10/10/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter	2
Results and Comments:	
Overpayment of Compensation.....	3
Personal Expenses - Electric Services Provider	3
Additional Special Investigation Costs	4
Insurance Information	4
Form W-2 Not Filed	4
Undocumented Payments of Compensation	4-5
Exit Conference.....	6
Summary of Charges	7
Affidavit	9



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF OLIVE TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

This is a special investigation report for Olive Township (Township), St. Joseph County, for the period January 1, 2014 to May 31, 2017, and is in addition to any other report for the Township as required under Indiana Code 5-11-1. All reports pertaining to the Township 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, non-compliance may exist that is unidentified.

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

July 6, 2017

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS

OVERPAYMENT OF COMPENSATION

Sherri Houser (Houser), Township Clerk, paid herself \$11,531.96 in excess of the amount appropriated for the Township Clerks' compensation. The following schedule details the overpayments in excess of the annual appropriation:

<u>Years</u>	<u>Annual Appropriation</u>	<u>Actual Paid</u>	<u>Total Amount Overpaid</u>
2014	\$ 11,000.00	\$ 11,308.92	\$ 308.92
2015	11,000.00	14,934.82	3,934.82
2016	<u>11,000.00</u>	<u>18,288.22</u>	<u>7,288.22</u>
Totals	<u>\$ 33,000.00</u>	<u>\$ 44,531.96</u>	<u>\$ 11,531.96</u>

Time records detailing dates and number of hours worked were not presented for investigation to support the compensation paid to Houser.

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 law. Compensation must be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Houser to reimburse the Township the overpayment of compensation in the amount of \$11,531.96. (See Summary of Charges, page 7)

PERSONAL EXPENSES - ELECTRIC SERVICES PROVIDER

During 2015 and 2016, Houser wrote 10 checks to the local electric utility provider from the Township bank account totaling \$4,245.31. Further investigation revealed that these payments were credited to the personal customer account for electric service at Houser's residence.

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 Townships, Chapter 1)

We requested Houser to reimburse the Township for the amount paid for personal expenses, \$4,245.31. (See Summary of Charges, page 7)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

ADDITIONAL SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs, in the amount of \$2,002.32, due to the special investigation of disbursements by the Township.

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

We requested Houser to reimburse the State of Indiana \$2,002.32 for additional special investigation costs. (See Summary of Charges, page 7)

INSURANCE INFORMATION

The Township had insurance coverage for Public Employee Dishonesty-Blanket Coverage with a limit of \$30,000 per year.

FORM W-2 NOT FILED

Houser was responsible for processing the payroll transactions for herself, the Trustee, and the Township Board members. The compensation paid to Houser, as described in the previous comment above, were made without withholding federal, state, and local taxes. Houser did not report/issue a Form W-2 to the Internal Revenue Service for the compensation she received from the Township.

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 Townships, Chapter 1)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

UNDOCUMENTED PAYMENTS OF COMPENSATION

As of the date of this report, Houser had been compensated \$6,295.80 for the year 2017. Time records detailing dates and number of hours worked were not presented for investigation to support the compensation paid.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 6, 2017, with Sherri Houser, Township Clerk, and Dominic F. Zarate, Trustee.

OLIVE TOWNSHIP, ST. JOSEPH COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Sherri Houser, Township Clerk:			
Overpayment of Compensation, page 3:			
Paid August 30, 2017	\$ 11,531.96	\$ 1,251.99	\$ 10,279.97
Personal Expenses - Electric Service Provider, page 3:			
Paid August 30, 2017	4,245.31	4,245.31	-
Additional Special Investigation Costs, page 4	<u>2,002.31</u>	<u>-</u>	<u>2,002.31</u>
Totals	<u>\$ 17,779.58</u>	<u>\$ 5,497.30</u>	<u>\$ 12,282.28</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)
)
Porter COUNTY)

We, Mary Jo Small, Field Examiner, and Kristin Campbell, Field Examiner, being duly sworn on our oaths, state that the foregoing report based on the official records of Olive Township, St. Joseph County, Indiana, for the period January 1, 2014 to May 31, 2017, is true and correct to the best of our knowledge and belief.


Field Examiner

Kurt Campbell
Field Examiner

Subscribed and sworn to before me this 4th day of Oct, 2017

Judy A. White
Notary Public

My Commission Expires:

County of Residence:

