

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

SPECIAL INVESTIGATION REPORT

OF

WAYNE TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2012 to June 30, 2017



**FILED**

10/11/2018



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WAYNE TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

This is a special investigation report for Wayne Township (Township), Bartholomew County, for the period January 1, 2012 to June 30, 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/](http://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.

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

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

March 13, 2018

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

**BACKGROUND**

Clint L. Madden (Madden) served as Trustee of the Township, for the period January 1, 2011 to October 3, 2016. Madden resigned his position effective October 3, 2016. His replacement, Brenda Mijares (Mijares), was appointed on October 18, 2016.

When Madden resigned, the computer belonging to the Township was removed from the premises. Therefore, the Ledger of Receipts, Disbursements, and Balances maintained on the computer for the period of January 1, 2012 to October 3, 2016, was not presented.

As Trustee, Madden was responsible for depositing all Township funds and issuing all Township checks, including contract payments to the Jonesville Rural Fire Department (also known as Jonesville Volunteer Fire Department and Wayne Township Volunteer Fire Department) (Fire Department), issuing reimbursements to the Fire Department, and issuing payments directly to vendors for Fire Department expenses.

During this same period, Madden also served as Treasurer of the Fire Department. As Treasurer, Madden was responsible for depositing funds received from the Township and other sources, and issuing checks.

Township officials became aware that fraudulent activity had occurred at the Township.

The Indiana State Board of Accounts was notified by Township officials of the foregoing in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting of the Township. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Townships.

**PERSONAL CONCESSION TRAILER PURCHASED/FINANCED WITH TOWNSHIP FUNDS**

On March 6, 2016, Township check 2283 was issued to an individual in the amount of \$28,000 for the purchase of a concession trailer.

On March 24, 2016, a Lease Purchase Agreement (Agreement) between First Government Lease Co. (Paul A. Graver) and the Township Trustee was entered into for the lease of a 2015 Concession Stand (concession trailer) with the Total Cash Price of \$28,000, with interest and A.P.R. of \$12,060.80 for a Total Lease Price of \$40,060.80. The lease term was 5 years (60 payments) with the first payment of \$667.68 due May 1, 2016. The Agreement was signed by Madden. The Agreement also contained signatures of two volunteer firefighters. The two firefighters completed affidavits stating that the signatures were not theirs. Additionally, there is no evidence in the Township Board minutes that the Township Board authorized the purchase of the concession trailer.

On May 10, 2016, a check written by Paul A. Graver in the amount of \$28,000 was deposited into the Township's bank account.

In November 2016, Mijares received a past due notice/invoice stating "You still owe New Washington State Bank monthly payments and late fees for October for lease dated 3/24/16 on the Concession Stand." The Trustee was not aware of this lease and the concession trailer was not in the Township's possession. The trailer was, subsequently, brought back to the Township premises by Madden, but it had been stripped of its fixtures.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

In December 2016, the Trustee was served a summons to appear in Illinois Small Claims Court for Breach of Contract on the Agreement. The amount of the lawsuit was \$40,060.08, plus late fees of \$500.31, less payments of \$3,338.40, for a total net of \$37,222.71, plus costs.

Although the lawsuit stated that payments of \$3,338.40 had been made on the trailer, there was no record that these payments were made with Township funds. Subsequent review of Madden's personal bank account statements indicated that four payments were made to New Washington State Bank from his account.

On May 31, 2017, a Settlement Agreement and Release was entered into between Paul A. Graver dba First Government Lease Co. and the Township. The Township agreed to a settlement in the amount of \$28,000. In addition, Paul A. Graver was to arrange to take immediate possession of the concession trailer.

The Township incurred \$10,497 in Attorney's fees to settle the lawsuit.

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 unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden was requested to reimburse the Township \$38,497 for the settlement of the lawsuit regarding the purchase and financing of a personal concession trailer with Township funds. (See Summary of Charges, page 16)

***PROCEEDS NOT DEPOSITED - 2006 HUMMER***

On November 25, 2014, Fire Department check 6130 was issued to an individual with the notation "H3 2006" in the check memo line in the amount of \$8,500.

On January 9, 2015, Township check 2110 was issued to the Fire Department with the notation of "Hummer" in the check memo line in the amount of \$10,000. In addition, Township check 2156 was issued July 31, 2015, to an auto repair shop in the amount of \$945.43 for a spring, labor, and an oil change for the Hummer.

Fire Department officials confirmed that a Hummer was purchased and driven for Fire Department business, but that the vehicle was no longer in the Fire Department's possession. They also confirmed that repairs had been made to this vehicle.

Records obtained from the Bureau of Motor Vehicles (BMV) indicated that neither the Township nor the Fire Department ever received a Certificate of Title or vehicle registration for this vehicle.

Records obtained from the BMV indicated that the vehicle was purchased by an unrelated party on November 25, 2014, in the amount of \$8,500, and an application for Certificate of Title was completed by that individual on August 11, 2015.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

No proceeds were deposited into the Township or Fire Department bank accounts for the sale of the Hummer.

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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 unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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Township officials were instructed to collect the \$1,500 overpayment from the Fire Department.

Madden was requested to reimburse the Township \$8,500 for the sale of a vehicle reimbursed with Township funds, which was never titled to the Township and for which no proceeds were deposited. (See Summary of Charges, page 16)

***PROCEEDS NOT DEPOSITED - 2004 ESCALADE***

On February 24, 2014, Township check 1993 was issued to an individual with the notation of "Fire Dept Vehicle" in the check memo line in the amount of \$7,500. In addition, Township check 2036 was issued on July 7, 2014, for repairs to an Escalade in the amount of \$4,128.44.

Records obtained from the BMV indicated that the Township purchased a 2004 Escalade on February 24, 2013 [sic], and a Certificate of Title was issued on September 6, 2014.

Records obtained from the BMV indicated that the Escalade was sold to a business on April 4, 2015, for \$980. Attempts to reach the business to confirm the sales price were unsuccessful; however, BMV records indicated that the vehicle is still owned and registered to the business.

No proceeds were deposited into the Township bank account for the sale of the Escalade.

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 unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden was requested to reimburse the Township \$980 for the proceeds not deposited for the sale of the Escalade. (See Summary of Charges, page 16)

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**PAYMENTS TO INDIVIDUALS**

Undocumented payments totaling \$17,050 were made to several individuals from Township funds as follows:

<u>Years</u>	<u>Amount</u>
2014	\$ 8,500
2015	5,600
2016	<u>2,950</u>
Total	<u>\$ 17,050</u>

Payments included the following:

- On May 15, 2014, Township check 2023 in the amount of \$1,500 was issued to an individual. The handwritten receipt attached to the check copy stated the check was for a John Deere mower. Per an interview with Rick Trimpe (Trimpe), Fire Chief, the John Deere mower described in the receipt was purchased in 2007. In an interview with Indiana State Police and Indiana State Board of Accounts, the individual stated the receipt was not created by him. He stated he had sold a Toro mower to Madden, not a John Deere mower. In addition, the signature on the receipt was not his. A Toro mower was not located at the Township premises.
- On January 27, 2015, Township check 2108 in the amount of \$4,000 was issued to an individual. Documentation attached to the check copy stated the check was issued for the purchase of two trailers. Per interview of the individual by Indiana State Police, the check was not for trailers as indicated, but the individual had been asked to cash the check by Madden and provide Madden the cash.
- On May 30, 2015, Township check 2158 in the amount of \$1,300 was issued to an individual. No documentation was attached to the check copy. The cancelled check provided by the bank had "cart" in the memo line. In an interview with Indiana State Police and Indiana State Board of Accounts, the individual stated he had sold a golf cart to Madden. Fire Department officials stated the Fire Department did not own a golf cart.
- Three Township checks totaling \$2,400 were issued to an individual. On November 25, 2015, check 2226 was issued for \$300. The invoice attached to the check copy was dated two months after the check was issued and the invoice was altered. The invoice indicated the check was for "Light tower repair on tac51"; however, the memo line on the cancelled check provided by the bank states "Ricks, Rescue." On January 28, 2016, check 2262 was issued for \$150. The invoice attached to the check copy indicated the check was also for "Light tower repair on tac51"; however, the rate charged for the work was inconsistent. On February 3, 2016, check 2272 was issued for \$1,950. No documentation was attached to the copy of check 2272. In an interview with Indiana State Police and Indiana State Board of Accounts, the individual stated he had performed work on Fire Department vehicles and he had created the invoices at the request of Madden. This individual stated that he had cashed check 2272 for \$1,950 and that he and Madden had used the cash to purchase a truck for the individual's personal use.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

- Three Township checks were issued to an individual for mowing as indicated in the memo line of the check. On May 7, 2014, check 2021 was issued for \$3,500. On June 30, 2014, check 2034 was issued for \$1,750. On October 15, 2014, check 2080 was issued for \$1,750. There was no contract or any other documentation found to support these disbursements. This individual had been related to Madden.
- On June 15, 2016, Township check 2313 in the amount of \$850 was issued to an individual. No documentation was attached to the check copy. The individual was contacted by Indiana State Police and he stated he knew nothing about this check.

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 unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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 Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (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 receipts 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)

Madden was requested to reimburse the Township \$17,050 for payments to individuals for undocumented disbursements and for expenses not related to Township business with Township funds. (See Summary of Charges, page 16)

**UNDOCUMENTED DISBURSEMENTS**

Township funds were used to pay for undocumented disbursements and for expenses not related to the functions and purpose of the Township totaling \$22,546.68, as follows:

Years	Amount
2013	\$ 1,994.18
2014	3,522.88
2015	12,619.80
2016	4,293.22
2017	116.60
Total	\$ 22,546.68

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

These expenses included:

Description	Amount
Car Washes	\$ 617.00
Vacation Cruise	3,831.69
Restaurants	580.55
Satellite Television	941.87
Electronic, Home and Office Supply Stores	5,446.32
Auto Parts & Services	1,543.40
Personal Business	1,918.32
Flowers	139.00
Car Converter Company	1,569.00
Hotel Stay	392.25
Auction Purchase	317.00
Concession Trailer Equipment and Supplies	2,601.94
Undocumented Reimbursement to Madden	102.28
Miscellaneous	<u>2,546.06</u>
 Total	 <u><u>\$ 22,546.68</u></u>

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Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden was requested to reimburse the Township \$22,546.68 for undocumented disbursements and for expenses not related to the functions and purpose of the Township paid with Township funds. (See Summary of Charges, page 16)

**PERSONAL FUEL PURCHASES**

The Township obtained fuel cards to purchase fuel for Fire Department vehicles. Township Board minutes did not indicate the approval of the cards or that there was a policy in place governing the usage of the cards.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

In the documentation establishing the use of these cards, signed by Madden, 14 drivers/cards and nine vehicles were identified. A review of fuel purchased for the period of August 18, 2015 to October 3, 2016, revealed that a total of 3,911.04 gallons of fuel were purchased using the fuel cards. Of this total, Madden, purchased 1,947.74 gallons totaling 49.8 percent of the fuel purchases in the amount of \$4,172.80. There were several out of county and out of state fuel purchases by Madden, including purchases in Alabama, Wisconsin, Ohio, Illinois, Kentucky, and Tennessee. Out of county and out of state purchases totaling \$948.23 could not be identified with Township or Fire Department business. In addition some of these purchases were identified to be associated with personal trips or purchases made by Madden.

It was further noted that the odometer readings recorded when fuel was purchased were incorrect. Most of Madden's transactions included odometer readings of "12345" and not the actual odometer reading from the vehicle.

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Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden was requested to reimburse the Township \$948.23 for personal fuel purchases paid with Township funds. (See Summary of Charges, page 16)

***PERSONAL VEHICLE REPAIRS***

Four Township checks totaling \$3,244.80 were issued for vehicle repairs on a 2002 Chevrolet Avalanche. Records obtained from the BMV indicated that Wayne Township never received a Certificate of Title or registration for this vehicle. A Certificate of Title issued August 10, 2011, indicated the vehicle was purchased on July 9, 2011, and was owned by Clint Lavon and Heather A. Madden. In addition, Township check 2245 was issued to an auto parts store that included charges of \$42.99 for auto parts for a 2008 Jeep Commander, which was not owned by the Township.

On February 28, 2014, and March 4, 2014, respectively, Township checks 1995 and 1996 were issued to purchase tires for a 2012 Ford F150 totaling \$1,115.92. Per inquiry of Rick Trimpe (Trimpe), Fire Chief, he stated that the tires were purchased for his personal vehicle. He stated that the truck had been leased to the Township and the Township was responsible for all repairs. A lease agreement was not presented for examination. Trimpe reimbursed the Township \$1,115.92 on November 13, 2017.

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 unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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Madden was requested to reimburse the Township \$3,287.79 for the payment of personal vehicle repairs with Township funds. (See Summary of Charges, page 16)

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**PERSONAL VEHICLE INSURANCE COVERAGE**

Vehicle insurance payments were made with Township funds for two personal vehicles owned by Madden as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Totals</u>
Clint L. Madden 2002 Chevrolet Avalanche K2500	\$ 286.00	\$ 312.00	\$ 330.90	\$ 411.00	\$ 1,339.90
Clint L. Madden 2005 Buick Century Custom	<u>294.00</u>	<u>325.00</u>	-	-	<u>619.00</u>
Totals	<u>\$ 580.00</u>	<u>\$ 637.00</u>	<u>\$ 330.90</u>	<u>\$ 411.00</u>	<u>\$ 1,958.90</u>

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 unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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Madden was requested to reimburse the Township \$1,958.90 for the payment of personal vehicle insurance with Township funds. (See Summary of Charges, page 16)

**INAPPROPRIATE TOWNSHIP ASSISTANCE DISBURSEMENTS**

Inappropriate disbursements totaling \$4,485.85 were issued to individuals and businesses from Township Assistance funds as follows:

<u>Years</u>	<u>Amount</u>
2012	\$ 2,275.90
2013	750.00
2014	1,034.95
2015	300.00
2016	<u>125.00</u>
Total	<u>\$ 4,485.85</u>

- On January 26, 2012, Township check 1768 in the amount of \$680 was issued to an individual and included the notation of "rent" in the check memo line. There was no documentation in the files to support the check.
- On April 18, 2012, Township check 1788 in the amount of \$1,000 was issued to an individual. The check description indicated the payment was rent for a Township Assistance recipient. The individual did not own property in Bartholomew County. Per interview of the individual by Indiana State Police, the check was not for rent as indicated, but the individual had been asked to cash the check by Madden and provide Madden the cash.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

- On June 21, 2012, Township check 1803 in the amount of \$595.90 was issued to a local transmission repair shop. The check copy stated the check was for rent for a Township Assistance recipient. The invoice provided by the repair shop was in the name of Madden and was for the replacement of a radiator on a 1998 Chrysler van. The application for the Township Assistance recipient did not include a 1998 Chrysler van listed as owned by the applicant. Title work provided by the BMV documents that a 1998 Chrysler Town and Country van was purchased by Madden on June 11, 2012.
- On February 25, 2013, Township check 1867 in the amount of \$750 was issued to an individual. There was no documentation in the files or description on the check to indicate the purpose of the check. The cancelled check was endorsed by a salvage car dealership of which the individual was an employee. The dealership was unable to provide documentation for the purchase.
- On March 10, 2014, Township check 1997 in the amount of \$793 was issued to an apartment complex outside the Township boundaries of which Madden was an employee. Information provided by the apartment complex indicated the payment was for rent and security deposit of an individual that had been related to Madden. No Township Assistance application was on file for this individual.
- On April 24, 2014, Township check 2012 in the amount of \$241.95 was issued to a grocery store. Documentation in the Township files indicated that the charge slip had been signed by the same individual that received the rent and security deposit on check 1997.
- On November 16, 2015, Township check 2222 in the amount of \$300 was issued to an individual. There was no documentation in the files or description on the check to indicate the purpose of the check. Per interview of the individual by Indiana State Police and Indiana State Board of Accounts, the check was for the purchase of a vehicle. The vehicle purchased was later sold by Madden to a personal friend.
- On May 10, 2016, Township check 2311 in the amount of \$125 was issued to a local service organization. Information provided by the organization indicated the payment was for a campsite for an individual. A Township Assistance application was not completed by the individual and there was no evidence she was a Township resident.

Application for Township Assistance is to be completed by each person who applies for township assistance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee.

The claim, with the original township assistance order or orders attached, shall then be filed for payment. All townships are now required to pay township assistance (IC 12-20 used to provide the county auditor could pay township assistance for certain townships). Such claim or claims shall be carefully reviewed and approved by the trustee as the administrator of township assistance. The township trustee shall pay claims against the township for township assistance in the same manner that other claims against

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

the township are paid. The township trustee, when authorized to pay claims directly to vendors, shall pay a claim within forty-five (45) days. The township trustee shall pay the claim from: (1) any balance standing to the credit of the township against which the claim is filed; or (2) from any other available fund from which advancements can be made to the township for that purpose. IC 12-20-20-1

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant. (Accounting and Uniform Compliance Guidelines Manual for Townships, 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 Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden was requested to reimburse the Township \$4,485.85 for inappropriate Township Assistance disbursements. (See Summary of Charges, page 16)

***UNSUPPORTED PAYMENTS TO TELEPHONE COMPANIES***

Township checks totaling \$3,721.76 were issued to three telephone companies in 2014, 2015, and 2016, without any supporting documentation.

In addition, credit card payments totaling \$4,542.86 were made to three telephone companies in 2014 and 2015 without any supporting documentation.

During this same period, an additional \$5,207.20 of unsupported payments were made to telephone companies from Fire Department funds.

Authorization for the payments of these expenses was not documented in the Township Board minutes. No evidence was provided to determine that the telephones were used for Township business. Additionally, the equipment was not turned over to the current Township Trustee when Madden resigned.

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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 Townships, Chapter 1)

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WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

Madden was requested to reimburse the Township \$8,264.62 for unsupported payments to telephone companies. (See Summary of Charges, page 16)

**OVERPAYMENT OF MOWING AND MAINTENANCE CONTRACT**

Heather A. Madden, spouse of Madden, was paid \$875 in excess of the contracted amount in 2012 for cemetery mowing and maintenance.

The 2012 Cemetery Agreement states, "Payment for work will be \$875 to be paid quarterly after inspection by the Township Trustee or a Board member."

In 2012, Heather A. Madden received five payments for mowing. Two payments were designated as second quarter payments in the check memos.

In addition, on January 9, 2014, Heather A. Madden received a payment of \$875 designated as "1<sup>st</sup> Quarter - Mowing" in the memo line. There was no evidence that a mowing and maintenance agreement was entered into with Heather A. Madden for 2014. Another individual was paid for mowing and maintenance in 2014.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (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 receipts 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)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden and Heather A. Madden, spouse, jointly and severally, were requested to reimburse the Township \$1,750 for the overpayments made for mowing and maintenance of Township cemeteries. (See Summary of Charges, page 16)

**SPECIAL INVESTIGATION COSTS**

The State of Indiana incurred additional costs in the investigation of Wayne Township.

Audit costs incurred because of poor records, nonexistent records or any other inadequate book-keeping practices, or because of theft or shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Madden was requested to reimburse the State of Indiana \$35,651.89 for special investigation costs. (See Summary of Charges, page 16)

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

**INTERNAL CONTROL DEFICIENCIES**

The former Trustee, who served as the Township executive and the Township fiscal officer, was responsible for all aspects of Township financial activity. This included receiving and depositing funds, reconciling, preparing and issuing checks, recording financial transactions, reporting, and monitoring budget compliance.

There was no oversight of Township financial activity on an ongoing basis by another individual. Due to this lack of segregation of duties, undocumented payments, personal purchases, undeposited proceeds from sales of vehicles, and contract overpayments were able to occur and not be identified timely.

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.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

**INVESTIGATION BY LAW ENFORCEMENT AGENCIES**

An investigation into the misappropriation of funds by Madden has also been conducted by the Indiana State Police and Federal Bureau of Investigations.

**BOND INFORMATION**

The following is information regarding official bonds obtained by the Township:

Period	Amount
January 1, 2012 to January 1, 2013	\$ 30,000
January 1, 2013 to January 1, 2014	30,000
January 1, 2014 to January 1, 2015	30,000
January 1, 2015 to January 1, 2016	30,000
January 1, 2016 to January 1, 2017	30,000

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2018, with Brenda Mijares, Trustee; Marcia Covert, Clerk; Michael Bell, President of the Township Board; Clara Claycamp, Township Board member; and Dennis Tibbetts, Township Board member.

WAYNE TOWNSHIP, BARTHOLOMEW COUNTY  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Clint L. Madden, former Trustee:			
Personal Concession Trailer Purchased/Financed with Township Funds, pages 3 and 4	\$ 38,497.00	\$ -	\$ 38,497.00
Proceeds Not Deposited - 2006 Hummer, pages 4 and 5	8,500.00	-	8,500.00
Proceeds Not Deposited - 2004 Escalade, page 5	980.00	-	980.00
Payments to Individuals, pages 6 and 7	17,050.00	-	17,050.00
Undocumented Disbursements, pages 7 and 8	22,546.68	-	22,546.68
Personal Fuel Purchases, pages 8 and 9	948.23	-	948.23
Personal Vehicle Repairs, page 9	3,287.79	-	3,287.79
Personal Vehicle Insurance Coverage, page 10	1,958.90	-	1,958.90
Inappropriate Township Assistance Disbursements, pages 10 through 12	4,485.85	-	4,485.85
Unsupported Payments to Telephone Companies, pages 12 and 13	8,264.62	-	8,264.62
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Totals	106,519.07	-	106,519.07
Special Investigation Costs, page 13	35,651.89	-	35,651.89
	<hr/>	<hr/>	<hr/>
Totals - Clint L. Madden, former Trustee	142,170.96	-	142,170.96
Clint L. Madden, former Trustee, and Heather Madden, jointly and severally:			
Overpayment of Mowing and Maintenance Contract, page 13	1,750.00	-	1,750.00
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 143,920.96</u>	<u>\$ -</u>	<u>\$ 143,920.96</u>

This report was forwarded to the Office of the Indiana Attorney General, the United States Attorney's Office, and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA )  
Marion COUNTY )

We, Tammy L. Baker, David Bixler, and Eugene West, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of Wayne Township, Bartholomew County, Indiana, for the period from January 1, 2012 to June 30, 2017, is true and correct to the best of our knowledge and belief.

Tammy L. Baker

David Bixler

Eugene West  
Field Examiners

Subscribed and sworn to before me this 10 day of October, 2018.



Karen M. Williams  
Notary Public

My Commission Expires: August 8, 2025

County of Residence: Marion