

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

SPECIAL INVESTIGATION REPORT
OF

PARKS DEPARTMENT
TOWN OF SHERIDAN
HAMILTON COUNTY, INDIANA

August 1, 2016 to February 2, 2018



FILED
12/26/2018

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF SHERIDAN,
HAMILTON COUNTY, INDIANA

This is a special investigation report for the Town of Sheridan (Town), for the period August 1, 2016 to February 2, 2018, and is in addition to any other report for the Town as required under Indiana Code 5-11-1. All reports pertaining to the Town may be found at www.in.gov/sboa/.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with Parks Department credit card purchases. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

August 13, 2018

PARKS DEPARTMENT
TOWN OF SHERIDAN
RESULTS AND COMMENTS

BACKGROUND

Officials of the Town became aware of some items purchased through the Parks Department using the Town issued credit card that were not related to Town use and were not located at the Parks. Andrew Sherley (Sherley) was appointed as the Parks Superintendent on August 12, 2016, and served in that capacity until his resignation on February 2, 2018.

The Indiana State Board of Accounts was notified of the aforementioned by Town officials in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting for the Parks Department credit card purchases. The following describes the noncompliance with the statutes, ordinances, or the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns.

PERSONAL CREDIT CARD PURCHASES

The Town Board had adopted a policy governing the use of a credit card for certain purchases. The policy stated in part, "No personal charges can be charged on the Town credit card." During Sherley's tenure as Parks Superintendent, he was authorized to make purchases for the Parks Department using the Town's credit card. We performed a review of the credit card purchases during the period of the special investigation. Some of the items we noted that were purchased, but were not on site at the Parks or otherwise in possession of the Town, were an impact wrench, a racing jack, trailer hitches, a replacement car door mirror, a grease gun, a garden hose, and a car battery. These items were personal purchases by Sherley and did not relate to functions or purposes of the Parks Department. The schedule below details the items purchased that were not accounted for at the Parks garage nor in possession of the Town:

Purchase Date	Item Purchased	Where Purchased and Stock Number	Amount
08-08-16	Legacy Megapower 12 V Battery Operated Grease Gun	Tractor Supply #3951195	\$ 109.99
08-15-16	Chicago Brand Impact Wrench	Harbor Freight #60380	129.99
02-07-17	American Fluorescent Shop Light (3 purchased)	Menards #3481419	53.94
03-07-17	Flexzilla 5/8"X100' Garden Hose	Menards #2741204	64.99
03-12-17	Towsmart Step Bumper Receiver Hitch	Menards #2618744	29.99
03-12-17	LeGrand Decorator Dimmer Switch	Menards #3631199	24.99
05-05-17	Pittsburgh Aluminum 1.5 ton Racing Service Jack	Harbor Freight #60569	79.99
01-03-18	K Source Replacement Car Mirror	O'Reilly part #62014G	36.99
02-02-18	Napa Legend Professional Battery	Napa auto parts #7565	138.99
Total			<u>\$ 669.86</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 Cities and Towns, Chapter 1)

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 1)

PARKS DEPARTMENT
TOWN OF SHERIDAN
RESULTS AND COMMENTS
(Continued)

We requested that Sherley reimburse the Town \$669.86 for personal credit card purchases. (See Summary of Charges, page 6)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of credit card purchases.

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

We requested that Sherley reimburse the State of Indiana \$1,554 for special investigation costs. (See Summary of Charges, page 6)

INTERNAL CONTROL DEFICIENCIES

We noted several deficiencies in the internal control system concerning the use of the Town's credit card for purchasing. These deficiencies include, but are not limited to, lack of oversight of the use of the credit card. The existing credit card policy was not followed. An inventory of equipment was not maintained to ensure accountability of Town owned equipment.

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."

CRIME INSURANCE COVERAGE

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

<u>Period</u>	<u>Amount</u>
01-01-16 to 01-01-17	\$ 25,000
01-01-17 to 01-01-18	25,000
01-01-18 to 01-01-19	25,000

PARKS DEPARTMENT
TOWN OF SHERIDAN
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2018, with David W. Kinkead, President of the Town Council; William Curl, Town Council member; Elizabeth A. Walden, Clerk-Treasurer; and Jon Raines, Parks Director.

PARKS DEPARTMENT
TOWN OF SHERIDAN
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Andrew Sherley, former Parks Superintendent:			
Personal Credit Card Purchases, pages 3 and 4	\$ 669.86	\$ -	\$ 669.86
Special Investigation Costs, page 4	<u>1,554.00</u>	<u>-</u>	<u>1,554.00</u>
Totals	<u>\$ 2,223.86</u>	<u>\$ -</u>	<u>\$ 2,223.86</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA)
)
DELAWARE COUNTY)

I, William F. Vinson, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Parks Department, Town of Sheridan, Hamilton County, Indiana, for the period from August 1, 2016 to February 2, 2018, is true and correct to the best of my knowledge and belief.



Field Examiner

Subscribed and sworn to before me this 11th day of December, 2018.



Clerk of the Circuit Court