

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

SPECIAL INVESTIGATION REPORT

OF

TIPPECANOE TOWNSHIP

TIPPECANOE COUNTY, INDIANA

January 1, 2012 to December 31, 2014



FILED
04/17/2019

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF TIPPECANOE TOWNSHIP, TIPPECANOE COUNTY, INDIANA

This is a special investigation report for Tippecanoe Township (Township), for the period January 1, 2012 to December 31, 2014, 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 and were limited to records associated with mileage reimbursements. 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.

The 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

October 29, 2018

TIPPECANOE TOWNSHIP, TIPPECANOE COUNTY
RESULTS AND COMMENTS

OVERPAYMENT OF MILEAGE

Mileage paid to Mark Nesbitt (M. Nesbitt), former Trustee, and Susan Nesbitt (S. Nesbitt), former Clerk and Investigator, was in excess of actual miles traveled. The schedule below outlines the amounts overpaid each year:

<u>Years</u>	<u>M. Nesbitt</u>	<u>S. Nesbitt</u>
2012	\$ 786.24	\$ 450.69
2013	859.90	-
2014	<u>586.26</u>	<u>-</u>
Totals	<u>\$ 2,232.40</u>	<u>\$ 450.69</u>

Indiana Code 36-6-8-3(b) states in part: "The township executive is entitled to a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees. . . ."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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)

We requested that M. Nesbitt reimburse the Township for overpayment of mileage in the amount of \$2,232.40. Reimbursement was received from M. Nesbitt on February 14, 2019. (See Summary of Charges, page 7)

We requested that S. Nesbitt and M. Nesbitt, jointly and severally, reimburse the Township for overpayment of mileage in the amount of \$450.69. Reimbursement was received from M. Nesbitt on February 14, 2019. (See Summary of Charges, page 7)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional investigation costs in the special investigation of the overpaid mileage.

Audit costs incurred because of poor records, nonexistent records, or any other inadequate bookkeeping 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 Townships, Chapter 1)

We requested that M. Nesbitt reimburse the State of Indiana for special investigation costs in the amount of \$2,303.00. Reimbursement was received from M. Nesbitt on February 14, 2019. (See Summary of Charges, page 7)

TIPPECANOE TOWNSHIP, TIPPECANOE COUNTY
RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

The Trustee serves as the Township executive and Township fiscal officer and is responsible for ensuring all financial activity is properly performed. However, the Trustee or Township Board did not set up a system of internal controls to ensure these excess mileage payments did not occur. As a result, there was no oversight of Township financial activity on an ongoing basis by another official.

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. . . ."

OFFICIAL BOND

The following is information regarding bond coverage obtained by the Township:

<u>Period</u>	<u>Amount</u>
01-01-11 to 12-31-14	\$ 60,000

TIPPECANOE TOWNSHIP, TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 29, 2018, with William L. Jones, Trustee, and Jon Eads, Chairman of the Township Board.

The contents of this report were discussed on October 29, 2018, with Mark Nesbitt, former Trustee, and Susan Nesbitt, former Clerk and Investigator.

OFFICIAL RESPONSE

We are responding to the mileage variance presented and to attest to our effort and understanding in reporting mileage related to Township Business.

Each unique mileage request was based on vehicle trip meter readings, beginning and ending at the Trustee's office. Repetitive trips (ex: cemetery visits) were recorded using established mileage values. When a trip was initially taken we would use the trip meter to mark the mileage for that trip. Once routine trips were established (ex. cemetery visits) and mileage was approved by the Township Board, we would use the established mileage for future trips.

If a concern would have been made early in my term, a resolution would have been sought.

We did the best job using existing documentation and relying on constructive input. We did not intentionally report erroneous data.

We appreciate this opportunity to share our thoughts on this issue.

Mark Nesbitt – Trustee

Susan Nesbitt - Clerk

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

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
M. Nesbitt, former Trustee:			
Overpayment of Mileage, page 3	\$ 2,232.40	\$ 2,232.40	\$ -
Special Investigation Costs, page 3	<u>2,303.00</u>	<u>2,303.00</u>	<u>-</u>
Total	<u>4,535.40</u>	<u>4,535.40</u>	<u>-</u>
S. Nesbitt, former Clerk and Investigator and M. Nesbitt, former Trustee, jointly and severally:			
Overpayment of Mileage, page 3	<u>450.69</u>	<u>450.69</u>	<u>-</u>
Totals	<u>\$ 4,986.09</u>	<u>\$ 4,986.09</u>	<u>\$ -</u>

This report was forwarded to the Office of the Indiana Attorney General.