

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

SPECIAL INVESTIGATION REPORT  
OF

POLICE DEPARTMENT  
CITY OF HUNTINGTON  
HUNTINGTON COUNTY, INDIANA

January 1, 2014 to August 3, 2017



**FILED**  
06/07/2019



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE POLICE DEPARTMENT, CITY OF  
HUNTINGTON, HUNTINGTON COUNTY, INDIANA

This is a special investigation report for the Police Department, City of Huntington (City), for the period January 1, 2014 to August 3, 2017, and is in addition to any other report for the City as required under Indiana Code 5-11-1. All reports pertaining to the City 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 and were limited to records associated with Police Department receipts. 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.

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

March 27, 2019

POLICE DEPARTMENT  
CITY OF HUNTINGTON  
RESULTS AND COMMENTS

**BACKGROUND**

Amy Wagner (Wagner) was employed in the Police Department as Office Manager from May 20, 2002 to August 3, 2017. Her primary duties as Office Manager included clerical and bookkeeping functions. As part of her duties, Wagner was solely responsible for receiving collections either from patrons or from other Police Department personnel, counting and reconciling the collections, and remitting Police Department collections to the Clerk-Treasurer.

During the 2017 audit engagement exited on May 10, 2018, City officials reported to the Indiana State Board of Accounts (SBOA) that Wagner was terminated due to cash collections not being remitted to the Clerk-Treasurer based upon an investigation performed by the Police Department. In early 2017, an officer tracked Police Department collections in Wagner's possession by making copies of currency collected and remitted to Wagner for Police Department collections. Wagner later used the currency (\$70) that was copied to pay her personal rent to the Police Athletic League (PAL).

Subsequent to Wagner's termination, the Police Department contacted the Indiana State Police to investigate. The Indiana State Police report was sent to the Adams County Prosecutor who filed charges. Wagner entered into a pretrial diversion agreement with the Adams County Prosecutor.

**COLLECTIONS NOT REMITTED**

An investigation of Police Department collections and receipts for the period January 1, 2014 to August 3, 2017 (Wagner's date of termination) was conducted. We identified 620 Police Department receipts totaling \$6,148.46 that were not remitted to the Clerk-Treasurer's office by Wagner. Wagner remitted \$2,350 in cash to the Clerk-Treasurer on March 3, 2016, without receipts or documents supporting the cash remittance. After applying the unidentified cash remittance to the receipts identified as not remitted to the Clerk-Treasurer, remaining collections not remitted to the Clerk-Treasurer total \$3,798.46. As noted in the Background comment above, Wagner was solely responsible for remitting Police Department collections to the Clerk-Treasurer.

Indiana Code 5-13-6-1(d) states in part:

". . . a city . . . shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city . . . as provided in an ordinance adopted by the city . . . and
- (2) approved as depositories of state funds."

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, Chapter 1)

In an interview conducted by the Indiana State Police and the Indiana State Board of Accounts on February 13, 2019, Wagner admitted taking Police Department collections.

We requested that Wagner reimburse the City \$3,798.46 for the collections not remitted. (See Summary of Charges, page 7)

POLICE DEPARTMENT  
CITY OF HUNTINGTON  
RESULTS AND COMMENTS  
(Continued)

**REPORTING MISAPPROPRIATION OF PUBLIC FUNDS**

The City failed to make a written report to the Indiana State Board of Accounts that public funds had been misappropriated by an employee.

Indiana Code 5-11-1-27(l) states:

"A public officer who has actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds or assets of the public office, including:

- (1) information obtained as a result of a police report;
- (2) an internal audit finding; or
- (3) another source indicating that a misappropriation has occurred;

shall immediately send written notice of the misappropriation to the state board of accounts and the prosecuting attorney serving in the area governed by the political subdivision."

**OFFICIAL BOND COVERAGE**

In her position as Police Department Office Manager, Wagner received, and had access to collections in excess of \$5,000 per year. Wagner was not covered by an official bond or crime insurance policy.

Indiana Code 5-4-1-18(a) states in part:

"Except as provided in subsections (b), (c), and (d), the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor: . . .

- (7) Individuals:
  - (A) who are employees or contractors of a city, town, county, or township; and
  - (B) whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds:
    - (i) that belong to the federal government, the state, a political subdivision, or another governmental entity; and
    - (ii) in an amount that exceeds five thousand dollars (\$5,000) per year."

**INTERNAL CONTROL WEAKNESSES**

Internal control weaknesses existed that contributed to Wagner's ability to not remit cash receipts. These included lack of oversight and segregation of duties related to collection and remittance of Police Department receipts. The City has already modified and implemented their internal control policies and procedures to prevent a recurrence of the problem.

POLICE DEPARTMENT  
CITY OF HUNTINGTON  
RESULTS AND COMMENTS  
(Continued)

The 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 the 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. . . ."

**SPECIAL INVESTIGATION COSTS**

The State of Indiana incurred costs, in the amount of \$4,893.25 due to the special investigation of Police Department receipts and collections.

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

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities, Chapter 1)

We requested that Wagner reimburse the State of Indiana for special investigation costs in the amount of \$4,893.25. (See Summary of Charges, page 7)

POLICE DEPARTMENT  
CITY OF HUNTINGTON  
EXIT CONFERENCE

The contents of this report were discussed on March 27, 2019, with Christi McElhaney, Clerk-Treasurer; Chad Hacker, Chief of Police; Brooks Fetters, Mayor; and Charles Chapman, President Pro Tempore of the Common Council.

POLICE DEPARTMENT  
 CITY OF HUNTINGTON  
 SUMMARY OF CHARGES  
 (Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Amy Wagner, former Office Manager:			
Collections Not Remitted, page 3	\$ 3,798.46	\$ -	\$ 3,798.46
Special Investigation Costs, page 5	4,893.25	-	4,893.25
Totals	\$ 8,691.71	\$ -	\$ 8,691.71

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            )  
  )  
Huntington COUNTY)

We, Stephen R. Poor and Jeffrey J. Paul, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Police Department, City of Huntington, Huntington County, Indiana, for the period from January 1, 2014 to August 3, 2017, is true and correct to the best of our knowledge and belief.

*Stephen R. Poor*  
\_\_\_\_\_

*Jeffrey J. Paul*  
\_\_\_\_\_

Field Examiners

Subscribed and sworn to before me this 22 day of May, 2019.

*J.A. Sillor*  
\_\_\_\_\_

Notary Public

My Commission Expires: 9/11/22

County of Residence: Huntington