

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

SPECIAL INVESTIGATION REPORT
OF

POLICE DEPARTMENT
TOWN OF GEORGETOWN
FLOYD COUNTY, INDIANA

January 1, 2015 to September 11, 2019



FILED
05/22/2020

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF GEORGETOWN, FLOYD COUNTY, INDIANA

This is a special investigation report for the Town of Georgetown (Town), for the period January 1, 2015 to September 11, 2019, 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 the Police Department. 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

April 13, 2020

POLICE DEPARTMENT
TOWN OF GEORGETOWN
RESULTS AND COMMENTS

BACKGROUND

The Town Council placed Dennis Kunkel (Kunkel), Police Chief, on paid administrative leave on September 11, 2019, until further notice and pending the outcome of an investigation on allegations of misconduct. Kunkel retired as Police Chief of the Town of Georgetown effective April 24, 2020.

The Indiana State Board of Accounts was notified by the Town's officials in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and reviewed the accounting of the Police Department. The following describes noncompliance with statutes or the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns*.

TOW-IN FEES NOT DEPOSITED

Town Ordinance G-07-01, passed January 18, 2007, Section 1. states: *"The Town Police Department may assess a \$35 tow-in fee for each vehicle the Department orders towed. Any entity that provides tow-in services for the Department shall collect the Department's tow-in fee along with its fees prior to releasing any towed vehicle to its owner, and shall forward the Department's tow-in fees to the Clerk-Treasurer's office at least quarterly. The Clerk-Treasurer is hereby directed to deposit any such revenues received into the Continuing Education Fund #233."*

Records were obtained from a local towing company documenting the tow-in fees that were collected by the towing company and remitted to the Police Department for the period reviewed. The towing company stated, in an interview with the Indiana State Police, that the tow-in fees were remitted in cash. In addition, the company stated Kunkel was always the person that would pick up the money from the towing company. The towing company no longer tows vehicles and remitted the last of the tow-in fees collected on December 13, 2018.

The following schedule details the tow-in fees collected and remitted to Kunkel per the towing company records compared to the tow-in fees deposited into the Town bank account:

Years	Tow-in Fees Remitted	Tow-in Fees Deposited	Difference
2015	\$ 3,955	\$ 2,085	\$ (1,870)
2016	4,270	960	(3,310)
2017	3,150	1,715	(1,435)
2018	1,820	-	(1,820)
2019	-	-	-
Totals	<u>\$ 13,195</u>	<u>\$ 4,760</u>	<u>\$ (8,435)</u>

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 Cities and Towns, Chapter 1*)

POLICE DEPARTMENT
TOWN OF GEORGETOWN
RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-6-1(c) states:

"Except as provided in subsections (d) and (g), all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. Public funds deposited under this subsection shall be deposited in the same form in which they were received."

We requested Kunkel to reimburse the Town \$8,435 for tow-in fees not deposited. (See Summary of Charges, page 8)

Kunkel turned over an envelope containing \$2,170 cash and some miscellaneous records to a Town police officer. When the officer turned the envelope over to the Indiana State Police, he stated the envelope had "possible police deck replacement fund" and "tow-ins" written on it and that Kunkel told him the money was for tow-ins. The officer sealed the envelope and dated it September 13, 2019. No receipts were found at the Police Department to support the cash in the envelope. The money is being held in evidence by the Indiana State Police.

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the Police Department.

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 Cities and Towns, Chapter 1)

We requested Kunkel to reimburse the State of Indiana \$8,079.10 for special investigation costs. (See Summary of Charges, page 8)

INTERNAL CONTROLS

Internal control weaknesses existed that allowed for tow-in fees to be collected by Kunkel and not deposited. The Town did not follow their Ordinance by remitting the tow-in fee to the Clerk-Treasurer. The lack of oversight regarding Town Ordinances allowed the Police Department to assess and collect a fee for every vehicle towed.

Internal control deficiencies over receipts existed in the Police Department. The local towing company did not receive receipts for their remittance of tow-in fees to the Town. Additionally, all Police Department receipts were reviewed and were properly written and remitted to the Clerk-Treasurer with the exception of the tow-in fees.

Without proper oversight, Kunkel was able to collect money from the local towing company and not deposit it without detection.

POLICE DEPARTMENT
TOWN OF GEORGETOWN
RESULTS AND COMMENTS
(Continued)

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. These 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 AGENCY

An investigation into the Police Department has also been conducted by the Indiana State Police. Case Number 22D01-2004-F6-000694 was filed in Floyd County Superior Court 1 on April 30, 2020. Kunkel was charged with a felony for official misconduct.

CRIME INSURANCE

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

<u>Period</u>	<u>Amount</u>
06-27-14 to 06-27-15	\$ 50,000
06-27-15 to 06-27-16	50,000
06-27-16 to 06-27-17	50,000
06-27-17 to 06-27-18	50,000
06-27-18 to 06-27-19	50,000
06-27-19 to 06-27-22	50,000

POLICE DEPARTMENT
TOWN OF GEORGETOWN
EXIT CONFERENCE

The contents of this report were discussed on April 13, 2020, with Julia Keibler, Clerk-Treasurer; Chris Loop, President of the Town Council; Kristi L. Fox, Attorney; and Michelle L. Cooper, Attorney.



April 23, 2020

OFFICIAL RESPONSE

Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204-2765
ldavid@sboa.in.gov

This is the Official Response of the Town of Georgetown regarding the recently completed investigation involving the Police Department for the period examined January 1, 2015 to September 11, 2019.

Internal Controls Over Tow-In Fee Deposits

The Town of Georgetown plans to consider an Ordinance to repeal Ordinance G-07-01, an Ordinance Establishing Vehicle Tow-In Fee. This will remove the tow in fee and thereby the opportunity for collection of said fees by any employee. The Ordinance directed that the collected fee to be sent to the Town's Clerk-Treasurers Office where the funds could be deposited into the Town funds. The fee, at least during the period investigated, if not longer, was being retrieved in cash by an employee instead of the employee following the Ordinance.

If the Ordinance is not repealed then the Town Council will implement a policy to include internal controls over the collection of the fees associated with this Ordinance and will share a copy of the policy with State Board of Accounts upon passage.

It is the Town's goal to comply with all Indiana guidelines regarding the finances of the Town of Georgetown both now and in the future to ensure protection and stability of our community.

Thank you.

A handwritten signature in black ink, appearing to read "Chris Loop".

Chris Loop
President of Georgetown Town Council

A handwritten signature in blue ink, appearing to read "Julia Keibler".

Julia Keibler,
Clerk Treasurer of the Town of Georgetown

POLICE DEPARTMENT
TOWN OF GEORGETOWN
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Dennis Kunkel, Police Chief:			
Tow-in Fees Not Deposited, pages 3 and 4	\$ 8,435.00	\$ -	\$ 8,435.00
Special Investigation Costs, page 4	8,079.10	-	8,079.10
Totals	<u>\$ 16,514.10</u>	<u>\$ -</u>	<u>\$ 16,514.10</u>

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

AFFIDAVIT

STATE OF INDIANA)
)
Vigo COUNTY)

I, Gina Gambaiani, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Georgetown, Floyd County, Indiana, for the period from January 1, 2015 to September 11, 2019, is true and correct to the best of my knowledge and belief.

Gina Gambaiani
Field Examiner

Subscribed and sworn to before me this 8 day of May, 2020

Michelle Edwards
Notary Public

My Commission Expires: 09-13-2020

County of Residence: VIGO