

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

SPECIAL INVESTIGATION REPORT
OF

TOWN COURT
TOWN OF WHITESTOWN
BOONE COUNTY, INDIANA

January 1, 2018 to June 30, 2019



FILED
09/11/2020

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

This is a special investigation report for the Town of Whitestown (Town), for the period January 1, 2018 to June 30, 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 Town Court. 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

June 30, 2020

TOWN COURT
TOWN OF WHITESTOWN
RESULTS AND COMMENTS

BACKGROUND

Johnetta Roberts (Roberts) was hired as the Town of Whitestown Court Clerk on February 25, 2008. As Court Clerk, Roberts was responsible for entering all electronic and paper tickets into the Court's software system (Key Court), collecting ticket payments, posting payments to Key Court, preparing and making deposits into the Court's bank account, preparing checks, and reconciling the bank account.

Roberts resigned as Court Clerk on July 1, 2019.

Town officials conducted an internal investigation which uncovered that no cash deposits were made to the Court's bank account for 2018 or 2019. The Indiana State Board of Accounts performed an investigation of the Court's records for the period of January 1, 2018 to June 30, 2019. The results of our investigation are described in the following comments.

COLLECTIONS NOT DEPOSITED

Comparison of Court Records to Bank Deposits

Monthly "History of Cash Receipts" reports generated from Key Court detailed ticket payments by form of payment (money order, check, credit card), receipt number, cause number, individual's name, date paid, ticket number, breakdown of fees, and total amount paid. We compared these monthly reports to copies of money orders and checks making up the monthly bank deposits. We identified collections totaling \$1,496.00 which were not deposited in the bank.

Tickets Payments Not Deposited - Identified by Indiana State Police

The Indiana State Police sent letters to individuals who received local ordinance violation tickets in September, October, and December 2018 and February through June 2019 that were unpaid according to the Court's records. Thirty-two (32) individuals provided copies of tickets that had been stamped "PAID"; however, we found no record of their payment being posted to Key Court to credit their account, nor was the payment posted to another individual's account. Total local ordinance violation tickets stamped paid but not posted totaled \$5,997.50.

Another 36 individuals told the Indiana State Police that they had paid their tickets at the Court; however, they could not provide documentation to support those payments. These fees totaled \$6,013.50. Per the records maintained by the Court, these tickets were listed as unpaid.

The Indiana State Police subpoenaed two of Roberts' bank accounts. From September 25, 2018 to June 30, 2019, cash totaling \$10,015 was deposited into Roberts' accounts. Per an interview with Indiana State Police, Roberts stated:

1. regarding the lack of cash deposited to the Court's bank accounts, she would take the cash.
2. regarding the cash deposits into the two Roberts bank accounts, she "honestly" did not know how much would have been from tickets.

TOWN COURT
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RESULTS AND COMMENTS
(Continued)

Money Orders Payable to Court Clerk

The Indiana State Police subpoenaed two of Roberts' bank accounts.

Per review of deposits into the first account:

- Five (5) money orders totaling \$953 were payable to either J.K. Wills or Johnetta Wills (Roberts' maiden name was Wills). We were able to trace these money orders to unpaid tickets recorded in the Court's records.
- There were an additional five (5) money orders deposited, which were also payable to Wills, each money order in the common denomination of ticket fees. These money orders totaled \$1,283.50. Two of these five money orders indicated the signed remitter was also Wills.
- All of the money orders were endorsed as J K Wills, or Johnetta K Wills.

Per review of deposits into the second account:

- Six (6) money orders totaling \$1,234 were payable to Roberts' husband, James Roberts. We were able to trace these money orders to unpaid tickets recorded in the Court's records.
- There were an additional eight (8) money orders payable to James Roberts, each money order in the common denomination of ticket fees. These money orders totaled \$1,756. One of these eight money orders indicated the signed remitter was Wills.
- All of the money orders were endorsed as "James A Roberts."

Indiana State Police conducted interviews of individuals whose money orders were deposited into Roberts' accounts. One individual stated he/she was instructed to leave the remitter signature blank and was specifically told to leave the "Pay to Order" blank. Two other individuals stated they did sign the money orders as the remitters, but did not know what to put on the "Pay to Order" section so they left it blank. Both of these individuals stated they accepted the agreement for the infraction deferral program, but never received notice from the Court of completion of the program.

Indiana Code 5-13-6-1 states in part:

". . . (c) 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. . . .

(g) The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500):

TOWN COURT
TOWN OF WHITESTOWN
RESULTS AND COMMENTS
(Continued)

- (1) An office of the legislative branch of state government.
- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the business day following the day that the funds exceed five hundred dollars (\$500)."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance or non-feasance in the office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines for City and Town Courts, Chapter 4)

We requested Roberts reimburse the Town of Whitestown for collections not deposited in the amount of \$18,733.50. (See Summary of Charges, page 12)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred costs in the amount of \$17,052.75 due to the special investigation of the Town of Whitestown Town Court.

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 City and Town Courts, Chapter 4)

We requested Roberts reimburse the State of Indiana for the special investigation costs in the amount of \$17,052.75. (See Summary of Charges, page 12)

OFFICIAL BONDS

The Town obtained the following official bonds:

Period	Amount
01-01-18 to 12-31-18	\$ 15,000
01-01-19 to 12-31-19	15,000

RECEIPT ISSUANCE

When offenders made payments for violations, they received a paid stamped copy of the ticket. No prenumbered manual or system generated receipts were issued to offenders. Originals or copies of the paid stamped tickets were not maintained for examination.

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(Continued)

During our review of monthly "History of Cash Receipts" reports, we determined collections were entered into the Key Court by Roberts at month end instead of at the time the payment was received.

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

UNTIMELY DEPOSITS

The Court Clerk deposited collections once per month, at the end of the month.

Generally, collections comprised of two to three cashier checks and money orders would exceed \$500, requiring deposit within at least two to three days after collection. In 2018 and 2019, these deposits included money orders and cashier checks dated between 4 to 113 days, and 3 to 103 days, respectively, prior to the deposit date.

Indiana Code 5-13-6-1 states in part:

". . . (c) 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. . . .

(g) The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500):

- (1) An office of the legislative branch of state government.
- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the business day following the day that the funds exceed five hundred dollars (\$500)."

BANK ACCOUNT RECONCILIATIONS

Similar comments also appeared in two prior Reports B49560 and B49561, entitled Finding 2013-003 and Finding 2014-003, respectively.

Depository reconciliations of the fund balances to the bank account balances were not performed. No manual or computerized ledgers for the Court were provided for examination.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Courts, Chapter 4)

RECORD RETENTION

There were police officers who issued hand-written paper tickets for violations. These tickets were in five part forms. One copy would be given to the offender and the remaining copies were given to Roberts to be manually entered into Key Court and Incite, the Police Department's ticket tracking system. Copies of the paper tickets were not maintained for examination; therefore, we could not determine if the tickets were entered into Key Court and Incite and if those tickets had been paid.

We also noted the following documents missing from the information presented for examination: stamped paid tickets, deferral agreements, deferral documents from the prosecutor's office (qualified/not qualified), court dockets and/or summaries of court proceedings.

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

INTERNAL CONTROLS

Deficiency in Internal Controls - Segregation of Duties

There were no controls evident, such as oversight, review, or approval process, over the receipts and disbursements of the Court. The Court Clerk was the sole person responsible for all financial processes.

The Court Clerk was responsible for reporting the Court's beginning balance, total receipts and disbursements, and ending balance to the Clerk-Treasurer for financial reporting; however, it was not reported on the Gateway as required. Furthermore, the Clerk-Treasurer did not review any court financial records from Key Court to validate the financial numbers reported by the Court Clerk.

The failure to establish these controls could have enabled material misstatements or irregularities to go undetected.

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:

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"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. . . ."

INVESTIGATIONS BY OTHER GOVERNMENTAL AGENCIES

An investigation of the Whitestown Town Court collections and receipting activities has also been conducted by the Indiana State Police.

TOWN COURT
TOWN OF WHITESTOWN
EXIT CONFERENCE

The contents of this report were discussed on April 15, 2020, with Alexis Sumner, Judge; Susan Weninger, Court Clerk; Matthew Sumner, Clerk-Treasurer; Clinton Bohm, President of the Town Council; and Steve Unger, Town Attorney.

The addition to the comment, Collections Not Deposited, regarding "Money Orders Payable to Court Clerk" of this report were discussed on August 24, 2020, with Alexis Sumner, Judge; Matthew Sumner, Clerk-Treasurer; Clinton Bohm, President of the Town Council; and Steve Unger, Town Attorney.



317-769-6557 PHONE

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TOWN OF WHITESTOWN
6210 VETERANS DRIVE
WHITESTOWN, IN 46075

August 26, 2020

“OFFICIAL RESPONSE”

Via Email

State Board of Accounts
302 West Washington Street
Room E418
Indianapolis, IN 46204-2765

Re: Town of Whitestown Response to Town Court Clerk Special Audit Report

To Whom It May Concern:

The Town of Whitestown (“Town”) writes to respond to the Special Report of the State Board of Accounts concerning activities of the former Town Court Clerk.

The Town does not tolerate a breach of the public trust within our community and condemns the actions of the former Town Court Clerk. The Town will continue to cooperate with state and local officials in holding the former Court Clerk responsible.

The Town initially learned in 2019 of failures by the former Town Court Clerk to timely report and transfer payments received for traffic violations pending before another court. Though the Town was not aware of unaccounted for funds at that time, the Town recognized a potential gap in internal controls and immediately began an internal investigation as a precaution. While the Town was investigating, the former Court Clerk resigned. Immediately upon finding evidence that cash payments had been accepted without a corresponding deposit of funds by the former Court Clerk, the Town notified the State Board of Accounts and Indiana State Police. The Town has thereafter worked extensively in cooperation with investigators from both agencies.

In addition, in coordination with the Whitestown Police Department and Boone County Prosecutor’s Office, the Town Court immediately ceased accepting new cases, and any new cases arising from WPD tickets have been filed in Boone Superior Court. The Town Court also undertook a comprehensive review of its procedures, processes, functionality, and technology. Ultimately, the Town and Town Court determined that it was in the public interest to dissolve the Town Court. The Town therefore adopted Ordinance 2020-07 early this year, providing for the

abolition of the Town Court, and has worked to close Court matters. New tickets will continue to be prosecuted through the Boone County Superior Court.

The Town will work to recover the documented losses from the officials' bond and the former Court Clerk, and is committed to eliminating the risks of and detecting mistake, fraud, or misappropriation in all forms within the Town.

Thank you for your assistance and service.

Sincerely,

/s/ Alexis Sumner

Alexis Sumner
Town Judge

/s/ Clinton Bohm

Clinton Bohm
Town Council President

/s/ Matt Sumner

Matt Sumner
Clerk-Treasurer

3844012

TOWN COURT
TOWN OF WHITESTOWN
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Johnetta Roberts, former Court Clerk:			
Collections Not Deposited, pages 3 through 5	\$ 18,733.50	\$ -	\$ 18,733.50
Special Investigation Costs, page 5	17,052.75	-	17,052.75
Totals	\$ 35,786.25	\$ -	\$ 35,786.25

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

AFFIDAVIT

STATE OF INDIANA)
PORTER COUNTY)

I, Kristin Campbell, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Whitestown, Boone County, Indiana, for the period from January 1, 2018 to June 30, 2019, is true and correct to the best of my knowledge and belief.

Kristin Campbell
Field Examiner

Subscribed and sworn to before me this 10th day of September, 2020.

[Signature]
Notary Public

My Commission Expires: January 24, 2026

County of Residence: PORTER

