

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

SPECIAL INVESTIGATION REPORT

OF

CENTER TOWNSHIP

GREENE COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
11/30/2020

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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TO: THE OFFICIALS OF CENTER TOWNSHIP, GREENE COUNTY, INDIANA

This is a special investigation report for Center Township (Township), Greene County, for the period January 1, 2015 to December 31, 2018, 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. 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

November 13, 2020

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS

BACKGROUND

Stephen Durham (Durham) was appointed Trustee for the period January 1, 2013 to December 31, 2014, and re-elected for the term January 1, 2015 to December 31, 2018. The Indiana State Board of Accounts was notified by Township officials in accordance with Indiana Code 5-11-1-27 that disbursements not related to Township purposes were made by Durham. The Indiana State Board of Accounts examined the records and reviewed the accounting of the Township. The following describes noncompliance with statutes or the *Accounting and Uniform Compliance Guidelines Manual for Townships*.

PAYMENTS FOR UNDOCUMENTED AND NON-TOWNSHIP RELATED EXPENSES

Payments totaling \$59,328.16 were made from Township funds that did not have adequate supporting documentation and/or were determined to be for expenses not related to the Township or Fire Department as follows:

- Five Township checks totaling \$25,595.68 were issued to a water softener business. On March 23, 2017, Township check 5875 was issued for \$7,900. There was no invoice provided; however, the check memo indicated "water treatment system." On March 23, 2017, Township check 5876 was issued for \$7,000. There was no invoice provided; however, the check memo indicated "water treatment." On August 22, 2017, Township check 5976 was issued for \$2,000. No invoice was provided. The check memo indicated "warranty and maintenance." On January 16, 2018, Township check 6103 was issued for \$4,347.68. No supporting documentation was provided. The check memo indicated "Airmaster Contract from 2017." On February 16, 2018, Township check 6116 was issued for \$4,348. No supporting documentation was provided. The check memo indicated "contract from 2017 ending 2018 for payment." Township checks 5875 and 6103 were paid out of the Fire Fund. In an interview with Indiana State Board of Accounts and Indiana State Police, the Fire Chief stated the Fire Department did not have a water treatment system. Checks 5876, 5976, and 6116 were paid out of the Township General Fund. The current Trustee stated the Township office does not have a water treatment system installed.

A review of Indiana State Police (ISP) subpoenaed bank statements from the water softener business indicated the following checks issued to Durham. These checks were not deposited in the Township bank account:

- On March 23, 2017, check 2828 to Steve Durham in the amount of \$7,635. The check memo stated "Reimbursement."
- On December 20, 2017, check 3089 to Steve Durham in the amount of \$700. The check memo stated "Reimbursement/Labor." On December 22, 2017, Durham deposited \$643.25 into the Township bank account.
- On January 26, 2018, check 3152 to Steve Durham in the amount of \$1,850.
- On January 30, 2018, check 3164 to Steve Durham in the amount of \$400. The check memo stated "Reimbursement."
- On February 2, 2018, check 3175 to Steve Durham in the amount of \$1,800. The check memo stated "Payroll."

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

- On February 16, 2018, check 3212 to Steve Durham in the amount of \$766. The check memo was blank.
- Four Township checks totaling \$6,477.50 were issued to a racing auto parts business. The check memos were left blank and no supporting documentation was provided. On August 26, 2016, Township check 5702 was issued for \$850; on August 25, 2017, Township check 5978 was issued for \$1,984; on September 28, 2017, Township check 6004 was issued for \$1,078; and on August 16, 2018, Township check 6172 was issued for \$2,565.50. Township checks 5702 and 5978 were paid out of the Fire Fund. In an interview with Indiana State Board of Accounts and Indiana State Police, the Fire Chief stated these were not a Fire Department expense. Checks 6004 and 6172 were paid out of the Township General Fund. In an interview with Indiana State Police, the manager at the business provided invoices as follows:
 - Invoice 145920, dated August 26, 2016, shows items were sold to a racing team with a Saint Charles, Missouri shipping address. The invoice indicates a payment of \$850 was made with check 5702.
 - Invoice 153939, dated August 25, 2017, shows items sold to an individual owning a water softener business with an Indianapolis address and phone number. The invoice shows Durham's name in the list of items purchased. The invoice indicates a payment in the amount of \$1,984 with check 5978.
 - Invoice 154770, dated September 28, 2017, shows items were sold to a water softener business with an Indianapolis address and telephone number. The invoice shows Durham's name above items purchased and indicates a payment on September 28, 2017, in the amount of \$1,078 with check 6004.
 - Invoice 161089, dated August 16, 2018, shows items sold to a water softener business with an Indianapolis address and telephone number. The invoice indicates a payment of \$2,565.50 with check 6172.
- Two Township checks totaling \$4,473 were issued to a performance racing shop. The check memos were blank and no supporting documentation was provided. On February 14, 2018, Township check 6115 was issued for \$1,193 and on April 27, 2018, Township check 6135 was issued for \$3,280. Township checks 6115 and 6135 were paid out of the Township General Fund. In an interview with Indiana State Police, the manager of the business provided invoices as follows and stated all items listed on the invoices are for items used in the racing industry:
 - Invoice 1022, dated February 13, 2018, shows items sold to Durham. Items purchased included 16 coil springs, a rear view mirror, an 18"x22" window net mesh, and a Fastcart New Motor. The invoice shows a payment of \$1,193 with check 6115.
 - Invoice 1027 dated February 14, 2018, invoice 1298 dated April 19, 2018, invoice 1227 dated April 6, 2018, and Invoice 1218 dated April 5, 2018, show items sold to Durham. The invoices totaled \$3,279.81 and shows a payment made of \$3,280 with check 6135.

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

- Two Township checks totaling \$9,965 were issued to an auction service. On December 12, 2017, Township check 6064 was issued for \$3,415. Invoice 100020 provided indicates items purchased were for a "grinder, long adjustable height gravity feed roller conveyor, milling machine, shop chairs, tool carts, welding tables, steel benches and steel shelving." The invoice was in the name of the Township, but had Durham's name, Indianapolis address, email address, and phone number listed. The check memo was blank. On January 30, 2018, Township check 6111 was issued for \$6,550. The check memo indicated "equipment." No supporting documentation was provided. Township checks 6064 and 6111 were paid out of the Township General Fund. The current Trustee stated that when he took office on January 1, 2019, these items were not at the Township office nor the Fire Department.
- On December 30, 2015, Township check 5548 in the amount of \$2,872.14 was issued to an individual. No supporting documentation was provided. The check memo indicated "furnace and plumbing repair." Township check 5548 was paid out of the Township General Fund.
- On February 10, 2017, Township check 5842 in the amount of \$1,808.30 was issued to a car lift and automotive equipment expert business. Invoice INV169142 provided for the check indicated this was for a "Atlas tire changer w/air blast & adjustable clamping jaws (air tank in separate box) (ATTC229), 20 ton air/hydraulic shop press, Atlas 0702/0704 shop press frame, and 20 ton air/hydraulic bottle jack for HT0704." The check memo indicated "equipment." Township check 5842 was paid out of the Fire Fund. In an interview with Indiana State Board of Accounts and Indiana State Police, the Fire Chief stated that these items were not purchased for the Fire Department. In an interview with Indiana State Police, an employee at the business provided INV169142 showing it was billed to Center Township Fire Department with a Bloomfield, Indiana address and picked up the same day purchased. The invoice shows the paid amount of \$1,808.30 and appears to be signed by Durham.
- On April 24, 2018, Township check 6134 in the amount of \$2,045.99 was issued to a metal roofing business. The check memo indicated "roof." Invoice 20677 indicated materials for roofing. The invoice was not in the name of the Township, but in the name of an Indianapolis racetrack, with Durham's name and phone number listed for the phone contact. Township check 6134 was paid out of the Township General Fund. In an interview with Indiana State Police, the business owner of the racetrack stated he had hired Durham to perform work on buildings at the racetrack. He also stated that he paid Durham cash for the work, which included funds to purchase the materials and supplies from the metal roofing business.
- On December 31, 2017, Township check 6095 in the amount \$1,193 was issued to an automotive business for order info invoice 957203 "tires and brakes." Township check 6095 was paid out of the Fire Fund. In an interview with Indiana State Board of Accounts and Indiana State Police, the Fire Chief stated the Fire Department had not used this business for vehicle repairs. The only vehicles owned by the Township were for Fire Department use.
- On October 26, 2017, Township check 6014 in the amount of \$1,505.17 was issued to a racing suspension business. No invoice was provided for this payment. The check memo was blank. Township check 6014 was paid out of the Township General Fund.

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

- On October 26, 2017, Township check 6015 in the amount of \$800 was issued to a racing products business. The check memo was blank and no supporting documentation was provided. Township check 6015 was paid out of the Fire Fund. In an interview with Indiana State Board of Accounts and Indiana State Police, the Fire Chief stated this was not a Fire Department expense.
- On October 28, 2017, Township check 6019 in the amount of \$704.38 was issued to an electronics business. The check memo was blank and no supporting documentation was provided. Township check 6019 was paid out of the Township General Fund. The current Trustee stated there were no electronics at the Township office nor the Fire Department when he took office January 1, 2019. The business specializes in racing radios and headsets.
- On September 22, 2018, Township check 6184 in the amount of \$700 was issued to a racing engine repair shop located in Kentucky. The check memo was blank and no supporting documentation was provided. This business was a sponsor for Durham's racing team. Township check 6184 was paid out of the Township General Fund. In an interview with Indiana State Police, the business owner stated he was almost certain this was for repair work on a snowplow or hydraulic parts from a snowplow that Durham had brought to him. Documents from this vendor were located during the search warrant served on August 13, 2020, at the owner of the water softener business residence (see above) showing that DYNomite tests were performed on vehicles noted as "Steve Durham #9" and "Steve Durham #10" on September 22, 2018.
- Two Township checks totaling \$650 were issued to an individual. On January 2, 2018, Township check 6098 was issued for \$300. The check memo indicated "firewood." No supporting invoice was provided. On September 20, 2018, Township check 6202 was issued for \$350. The check memo indicated "wood." There was no invoice provided. Township check 6098 was paid out of the Township Assistance Fund and Township check 6202 was paid out of the Township General Fund.
- On July 19, 2017, Township check 5954 in the amount of \$538 was issued to Durham's relative. The check memo indicated "bush hogging." There was no supporting documentation that any services were performed. In addition, there was no contract for bush hogging. Township check 5954 was paid out of the Township General Fund.

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 Townships, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

Durham was requested to reimburse the Township \$59,328.16 for undocumented disbursements and for expenses not related to Township business. (See Summary of Charges, page 15)

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

PAYMENT FOR SNOWPLOW FOR DURHAM'S PERSONAL VEHICLE

On January 31, 2018, Township check 6112 in the amount of \$5,675 was issued to a truck equipment and body company. The check memo indicated "snow and ice removal 17-18." Invoice 0012419-IN indicates the items purchased were a snowplow and deflector kit for a 2005 2500HD Chevrolet 6.5' bed, vehicle identification number (VIN) 1GCHK29U55E147309. Township check 6112 was paid out of the Township General Fund. The current Trustee stated there was no snowplow or deflector kit at the Township office or the Fire Department when he took office January 1, 2019, and they have not been returned. The only vehicles owned by the Township were for Fire Department use. In an interview with Indiana State Board of Accounts and Indiana State Police, the Fire Chief stated this was not a Fire Department vehicle expense.

A 2005 Chevrolet truck with VIN 1GCHK29U55E147309 was located at the owner of the water softener business residence during the search warrant served on August 13, 2020. Additionally, the vehicle registration found in the truck was registered to 3D General Contracting LLC, Durham's personal business. While examining the truck, mounts and wiring were found on the front end of the truck.

Further investigation by Indiana State Police verified that the year, make and vehicle identification number listed on the invoice was a vehicle titled to Durham. In addition, the business provided the Township sales tax exemption certificate used by Durham to purchase the snow removal equipment.

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 Townships, Chapter 1)

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)

Durham was requested to reimburse the Township \$5,675 for payment for a snowplow. (See Summary of Charges, page 15)

UNDOCUMENTED PAYMENT TO DURHAM'S PERSONAL BUSINESS

On July 1, 2017, Township check 5952 in the amount of \$1,950 was issued to 3D General Contracting. The check memo was blank. No supporting documentation was provided. Township check 5952 was paid out of the Township General Fund. According to documents obtained from the Indiana Secretary of State's website, this business is owned by Durham.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

Durham was requested to reimburse the Township \$1,950 for the undocumented payment to his personal business. (See Summary of Charges, page 15)

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

UNSUPPORTED PAYMENTS TO STEPHEN DURHAM

Township checks totaling \$17,922.75 were issued to Durham in 2016, 2017, and 2018. No documentation was provided to support that any services were performed, or goods were received for the following payments:

Check Number	Check Date	Check Amount	Check Memo Description
5646	05-13-16	\$ 1,387.42	Reimbursement
5760	10-28-16	862.41	Reimbursement
5845	02-18-17	711.58	Reimbursement
5917	06-27-17	287.23	*
5921	06-28-17	764.12	Gravel Reimbursement
5955	07-21-17	1,784.23	Reimbursement
5956	07-27-17	1,582.76	Menards Reimbursement
5975	08-22-17	192.00	Fuel Reimbursement
5979	08-30-17	2,025.10	Rentals, Labor and Gravel
6003	09-25-17	754.23	*
6016	10-27-17	729.00	Furnace Repair
6033	11-25-17	842.73	Material Reimbursement
6068	12-11-17	73.00	*
6100	01-16-18	1,683.42	Water Heater and Labor
6145	05-17-18	1,583.42	Reimbursement/Equipment
6160	06-08-18	720.00	Deck Repair
6163	06-24-18	940.10	Reimbursement
6179	08-30-18	1,000.00	Reimbursement
		<u>\$ 17,922.75</u>	

*No description on check memo.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

Durham was requested to reimburse the Township \$17,922.75 for the unsupported payments. (See Summary of Charges, page 15)

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

OVERPAYMENT OF COMPENSATION TO STEPHEN DURHAM

The Trustee salary for 2017, per the salary resolution, was \$10,500, but Durham received \$12,208.33, resulting in an overpayment of \$1,708.33. On December 22, 2017, Durham reimbursed the Township in the amount of \$875, resulting in a net overpayment of \$833.33.

Indiana Code 36-6-6-10(b), effective 07-01-13 to 06-30-19, states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance 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)

Durham was requested to reimburse the Township \$833.33 for overpayment of compensation. (See Summary of Charges, page 15)

UNSUPPORTED PAYMENTS TO SHELBY BYRD

Township checks totaling \$10,662.50 were issued to Shelby Byrd (Byrd) in 2015, 2016, 2017, and 2018. No documentation was provided to support that any services were performed, or goods were received for the following payments:

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

Check Number	Check Date	Check Amount	Check Memo Description
	5292 02-20-15	\$ 250.00	Extra Hire
	5645 05-13-16	200.00	Extra Hire
	5945 06-28-17	350.00	Extra Hire
	5977 06-28-17	350.00	*
	5987 09-08-17	1,287.53	Filing Cleaning
	6005 09-29-17	924.12	Software and Training
	6013 09-30-17	577.77	*
	6041 10-28-17	704.38	*
	6069 12-22-17	237.12	Filing
	6105 01-06-18	251.48	*
	6155 02-10-18	350.00	Extra Hire
	6117 02-16-18	300.00	Extra Hire
(1)	6127 03-24-18	971.00	Extra Hire
	6133 04-11-18	342.83	Reimbursement
	6154 04-16-18	180.27	Filing
	6142 05-01-18	340.00	*
	6167 05-11-18	183.42	*
	6153 06-04-18	485.12	Reimbursement
	6171 08-13-18	175.00	Hire Help
	6188 08-22-18	237.12	Filing
	6196 09-18-18	454.34	Supplies Reimbursements
(2)	6185 10-10-18	<u>1,511.00</u>	*
		<u>\$ 10,662.50</u>	

* No description on check memo.

- (1) Check duplicate 6127 dated March 7, 2018, shows the check written to an internet, phone, and cable business for \$177.36.
- (2) Check duplicate 6185 shows the check written to a local newspaper in the amount of \$61.42.

Indiana Code 36-6-6-10(b), effective 07-01-13 to 06-30-19, states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

Durham and Byrd, jointly and severally, were requested to reimburse the Township \$10,662.50 for unsupported payments to Byrd. (See Summary of Charges, page 15)

PENALTIES, INTEREST, AND OTHER CHARGES

The same comment also appeared in prior Report B48286.

The Township incurred penalties, interest, and other charges to various vendors in 2015, 2016, 2017 and 2018, totaling \$1,300.21 because Durham did not properly or timely remit payments.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform compliance Guidelines Manual for Townships, Chapter 1)

Durham was requested reimburse the Township in the amount of \$1,300.21 for payments of penalties, interest, and other charges. (See Summary of Charges, page 15)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional audit costs due to the special investigation of the Township records.

Indiana Code 5-11-1-27(m) states in part:

"If the attorney general institutes civil proceedings related to this section or under IC 5-11-5-1, the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

- (1) costs incurred by the state board of accounts . . ."

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

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 Townships, Chapter 1)

Durham was requested to reimburse the State of Indiana \$57,805.12 for special investigation costs. (See Summary of Charges, page 15)

INTERNAL CONTROL DEFICIENCIES

Durham, who served as the Township executive and the Township fiscal officer, was responsible for all aspects of Township financial activity. This included receiving and depositing funds, reconciling, preparing and issuing checks, recording financial transactions, reporting, and monitoring budget compliance.

There was no oversight of Township financial activity on an ongoing basis by another individual. Due to this lack of segregation of duties, salary overpayments, undocumented payments, overdrawn bank account and purchases not related to the function and purpose of the Township were able to occur and not be identified timely.

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. . . ."

INVESTIGATION BY LAW ENFORCEMENT

An investigation into the misappropriation of funds by Durham has also been conducted by the Indiana State Police.

CENTER TOWNSHIP, GREENE COUNTY
RESULTS AND COMMENTS
(Continued)

OFFICIAL BOND

The following is information regarding official bonds obtained by the Township:

<u>Period</u>	<u>Amount</u>
01-02-15 to 01-02-16	\$ 30,000
01-02-16 to 12-31-16	30,000
01-01-17 to 12-31-17	30,000
01-01-18 to 12-31-18	30,000

CENTER TOWNSHIP, GREENE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2020, with Garry Jackson, Trustee; Debbie Jackson, Chair of the Township Board; Dustin Payne, Secretary of the Township Board; W. Edward Cullison, Township Board member; and Jeremy Inman, Fire Chief.

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

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Stephen Durham (Durham), former Trustee:			
Payments for Undocumented and Non-Township Related Expenses, pages 3-6	\$ 59,328.16	\$ -	\$ 59,328.16
Payment for Snowplow for Durham's Personal Vehicle, page 7	5,675.00	-	5,675.00
Undocumented Payment to Durham's Personal Business, page 7	1,950.00	-	1,950.00
Unsupported Payments to Stephen Durham, page 8	17,922.75	-	17,922.75
Overpayment of Compensation to Stephen Durham, page 9	833.33	-	833.33
Penalties, Interest, and Other Charges, page 11	<u>1,300.21</u>	<u>-</u>	<u>1,300.21</u>
Subtotal	<u>87,009.45</u>	<u>-</u>	<u>87,009.45</u>
Stephen Durham and Shelby Byrd, Jointly and Severally:			
Unsupported Payments to Shelby Byrd, pages 9-11	<u>10,662.50</u>	<u>-</u>	<u>10,662.50</u>
Subtotal	<u>97,671.95</u>	<u>-</u>	<u>97,671.95</u>
Special Investigation Costs, pages 11-12	<u>57,805.12</u>	<u>-</u>	<u>57,805.12</u>
Totals	<u>\$ 155,477.07</u>	<u>\$ -</u>	<u>\$ 155,477.07</u>

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

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