

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

SPECIAL COMPLIANCE REPORT
OF

POLICE DEPARTMENT
CITY OF COLUMBUS
BARTHOLOMEW COUNTY, INDIANA

January 1, 2013 to August 31, 2020



FILED
01/14/2022

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF COLUMBUS, BARTHOLOMEW COUNTY, INDIANA

This is a special compliance report for the City of Columbus (City), for the period January 1, 2013 to August 31, 2020, 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/.

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 payroll and timekeeping records of the City Police Department and Columbus Regional Hospital. 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

December 16, 2021

POLICE DEPARTMENT
CITY OF COLUMBUS
RESULTS AND COMMENTS

BACKGROUND

The Indiana State Board of Accounts (SBOA) received allegations that employees of the Police Department (Department) received compensation from the City of Columbus (City) for performance of police duties and from Columbus Regional Hospital (CRH) for performance of part-time security guard duties during the same work hours.

Accordingly, the SBOA examined the records and the accounting for payroll to determine if any compensation was paid for hours not worked for the City. The following describes non-compliance with statutes or the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns*.

COMPENSATION PAID WHILE WORKING FOR COLUMBUS REGIONAL HOSPITAL

Administrative Officers

Several administrative officers also performed part-time security guard services for Columbus Regional Hospital (CRH). The administrative officer positions consisted of Police Chief, Deputy Police Chief, and Captain. No timekeeping records were maintained by the administrative officers for their Department duties prior to September 7, 2018. Handwritten timesheets were kept from September 7, 2018 to December 31, 2018. Beginning January 1, 2019, timekeeping records were maintained by these officers through Executime. Timekeeping records were maintained for the time worked at CRH and we were provided Time & Attendance Adjustments sheets for all Department officers performing security guard services.

No documentation existed to document the normal working hours for these administrative officers. In a letter dated March 5, 2021, and sent via e-mail to the SBOA, the Department's Human Resource Director stated the following:

Police Officers who are on patrol are assigned to shifts. Some other officers also have shifts (e.g., detectives). Other officers are administrative, and they do not have set hours, and in fact have to work many shifts, at different times, to effectively manage an entire department or employees with multiple shifts, and their work schedule is dependent on what is going on in our community and the department.

The Department's business hours are 8 a.m. to 5 p.m. Because we were not provided the administrative officers' work schedules, together with the fact that timekeeping records were not kept prior to September 7, 2018, we calculated the overlapping hours of time worked at the Department and CRH based on the business hours. For the period January 1, 2013 to August 31, 2020, we identified five administrative officers having total overlapping time; however, because administrative officers may work non-standard business hours, we recommend that the City perform its own analysis and recover any overpayments identified.

The City must have a clear written approved policy for the hours for all administrative employees. In addition, the City must comply with the approved Employee Policy Booklet and all Personnel Review Committee guidelines.

POLICE DEPARTMENT
CITY OF COLUMBUS
RESULTS AND COMMENTS
(Continued)

Non-Administrative Officers

Several non-administrative officers also performed part-time security guard services for CRH. Non-administrative officer positions consisted of Lieutenant, Sergeant, and Patrolman. Prior to January 1, 2019, Personnel Assignment Register (PAR) sheets were kept for the non-administrative officers that recorded the officers' work schedules. Beginning January 1, 2019, timekeeping records were maintained by these officers through Executime. Timekeeping records were maintained for the time worked at CRH and we were provided Time & Attendance Adjustments sheets for all Department officers performing security guard services.

A comparison of the PAR sheets, Executime reports, and the Time & Attendance Adjustment sheets was made. For the period January 1, 2013 to August 31, 2020, we identified 17 non-administrative officers having total overlapping time ranging from 2 to 6,157 minutes. We recommend that the City review its own timekeeping records, perform its own analysis, and recover any overpayments identified.

The City must have a clear written approved policy for the hours for all non-administrative employees. In addition, the City must comply with the approved Employee Policy Booklet and all Personnel Review Committee guidelines

Indiana Code 5-11-9-4 states:

"(a) The state board of accounts is hereby authorized to prescribe the forms of accounts and vouchers provided for by sections 1 and 2 of this chapter.

(b) The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

(1) covered by section 1 or 2 of this chapter; and

(2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record

General Form 99B, Employee's Earnings Record

General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

This form [Form 99A] must be kept by each office or department for each employee in order to properly prepare "Payroll Schedule and Voucher, General Form No. 99." It records the hours or days worked, sick leave, vacation and days lost. It may also be used to comply with the requirements of IC 5-11-9-4 regarding recording hours worked each day by an employee. It is suggested that these be arranged alphabetically, by calendar year. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 6)

POLICE DEPARTMENT
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Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

An employee who works for more than one (1) governmental unit should not be paid by more than one (1) governmental unit for the same period of time worked. Such employee should use his/her accumulated leave time from one (1) governmental unit while serving the other governmental unit when there is an overlap in a work schedule. For example, a city police officer, who is also a member of a school board, attends a school board meeting during his/her normal police work shift. The police officer would be expected to use his/her leave time accumulated at the city while attending such meeting.

In cities and towns where timecards are not used, this requirement can be met by preparing an endorsement on the payroll claim form showing the general work schedule and listing the specific affected employees who worked hours different from the general work schedule. Each elected office or head of each department would be responsible for preparing such endorsement on the payroll claim for their office or department.

Another alternative is to add a statement on each affected Employee's Service Record, General Form 99A and/or Employee's Earning's Record, General Form 99B indicating the specific hours to be worked daily by that employee or official. (Example: 8 a.m. to 4 p.m.) In cities and towns where timecards are used, each elected officer or head of each department should be approving the timecards of each of the employees that they are responsible for. (Cities and Towns Bulletin and Uniform Compliance Guidelines, March 2019)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

INTERNAL CONTROLS

The City's Police Chief had the responsibility of signing the payroll claim each pay period. In signing the payroll claim, the Police Chief certified that he had examined the time record of each employee listed on the claim form and that each employee had performed the services for which the salaries or compensation were being paid. Prior to January 1, 2019, the Department did not have a timeclock and time scheduled, and worked was maintained on a Personnel Assignment Register (PAR) sheet for the non-administrative officers. Prior to September 7, 2018, administrative officers did not punch a time clock, nor document their hours otherwise; therefore, we were unable to identify the actual hours worked at the Department in order to verify whether administrative officers received compensation for the same hours worked by both the City and CRH.

The 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.

POLICE DEPARTMENT
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An integral part of the control activity component is segregation of duties. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same action. Separating the ability to record, authorize, and approve the transactions along with the handling of the related asset reduces the risk of error or fraudulent actions. It also reduces the risk of management override. . . .

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. Clear documentation should be maintained for continuity as well as ease of communication to outside parties. . . ."

INVESTIGATION BY LAW ENFORCEMENT

It is our understanding that an investigation is currently ongoing by the Indiana State Police.

POLICE DEPARTMENT
CITY OF COLUMBUS
EXIT CONFERENCE

The contents of this report were discussed on December 16, 2021, with Toby Combest, CPD Captain; James Frederick, CPD Captain; Steve Norman, Deputy Police Chief; Michael Richardson, Police Chief; Tom Dell, City Council member; Frank Miller, City Council member; James Lienhoop, Mayor; James Brinegar, Director of Finance, Operations, and Risk; Mary Ferdon, Executive Director of Administration and Community Development; Luann Welmer, Clerk-Treasurer; Nancy B. Wagner, Executive Administrative Assistant to the Mayor; Alan L. Whitted, City Attorney; and Elaine Hilber, President of the City Council.



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Luann G. Welmer, Clerk-Treasurer

December 27, 2021

Indiana State Board of Accounts
Via email: officialresponse@sboa.in.gov
302 West Washington Street, Rm E418
Indianapolis, IN 46204-2765

RE: City of Columbus' **Official Response** to the Indiana State Board of Accounts Examination of Columbus Police Department Payroll Records

As SBOA mentions in the Background Section of its report, it received allegations that employees of the Columbus Police Department may have been paid by the city for time they also spent working for Columbus Regional Hospital.

We are pleased to note that SBOA's examination revealed nothing actionable. Their report identifies no employee who received unwarranted compensation.

The report also recommends the city conduct its own analysis and we will do so. Should our internal analyses reveal anything different from the SBOA report's findings, we will take appropriate action.

While we are satisfied with the result of the SBOA examination, we note with some frustration that this process took nearly two years, involved several hundred hours of city staff time and required the production of over a thousand documents.

And, we take exception to several comments contained in the report that are either incorrect or misleading. These include, but are not limited to, the following.

1. The report calculated "overlapping hours" for the Police Chief, the Deputy Chief and our two Captains by assuming they are expected to work Monday – Friday, 8am to 5pm.

SBOA examiners told us they utilized this standard – M-F, 8-5 – because the department's website identifies those as the department's Administrative Hours. As we indicated to the SBOA's examiners, CPD provided Administrative Hours on its website to help the public understand when CPD's front desk was open and when they could, for example, obtain a police report of an accident. Merely listing office hours on a website should not be viewed as authoritative direction as to when these officers are required to be present.

These officers are expected to work 24/7/365. They routinely respond to events at night, early morning, on the weekends or on holidays. Sometimes these involve criminal activity, sometimes they are simply attendance at a board or community event.

Leadership of a police department is much more than a 40 hour per week assignment. Any such reference to standard business hours is a misleading characterization of the job.

2. The report states that, "...the City must comply with the approved Employee Policy Booklet..."

The city has a handbook for employment practices that is referred to as the Employee Personnel Booklet or, sometimes, the Employee Policy Booklet.

Chapter 1, Policy #1, first paragraph of the booklet states: "All...employees of the City of Columbus, except...sworn police...shall follow...this Personnel Policy." [Emphasis added] SBOA examiners were apprised of this exception by our Human Resources Director, the Police Chief and by our legal counsel.

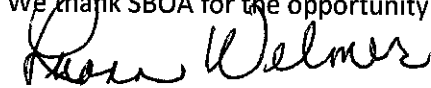
Police Officers are covered by the department's Standard Operating Procedures and we comply with them.

3. Throughout the examination there was a focus on documents referred to as Personnel Assignment Registers (PAR sheets).

The report contains a reference to PAR sheets and indicates they were used to record time worked. As their name implies, they were a record of assignments and functioned as a schedule. They were not a record of time worked. As should be easily understood, schedules are often set aside when employees respond to events in real time.

The SBOA's report mentions in passing that, effective January 1, 2019, CPD replaced its old, manual system with a new electronic payroll system: Executime. This new system has improved timekeeping records in the department significantly and has eliminated any appearance that employees have been paid for time worked elsewhere. Executime requires that the officer individually enter and certify time worked. This electronic record is subsequently reviewed for accuracy before the officer is paid.

We thank SBOA for the opportunity to include our comments with its report.



Luann Welmer
Clerk Treasurer
City of Columbus
123 Washington Street
Columbus, IN 47201

Copies to:

James Lienhoop, Mayor
Mary Ferdon, Executive Director of Administration and Community Development
Jamie Brinegar, Director of Operations, Finance and Risk Management
Alan Whitted, City Attorney
Arlette Cooper-Tinsley, Director of Human Resources
Mike Richardson, Chief of Police
Steve Norman, Deputy Chief of Police
Jay Frederick, Deputy Chief of Police