

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

SPECIAL INVESTIGATION REPORT
OF

WAYNE TOWNSHIP
AND
WAYNE TOWNSHIP FIRE DEPARTMENT, INC.
MARION COUNTY, INDIANA

January 1, 2019 to September 30, 2021



FILED
06/23/2022

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STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF WAYNE TOWNSHIP, MARION COUNTY, INDIANA, AND
WAYNE TOWNSHIP FIRE DEPARTMENT, INC., MARION COUNTY, INDIANA

This is a special investigation report for Wayne Township (Township), Marion County, and Wayne Township Fire Department, Inc. (Fire Corporation), Marion County, for the period January 1, 2019 to September 30, 2021, and is in addition to any other reports for the Township or Fire Corporation as required under Indiana Code 5-11-1. All reports pertaining to the Township or Fire Corporation 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 Township records associated with funds paid to the Fire Corporation. To verify how Township funds were spent, a review of the Fire Corporation's records was also conducted. 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 9, 2022

WAYNE TOWNSHIP AND
WAYNE TOWNSHIP FIRE DEPARTMENT, INC.
MARION COUNTY
RESULTS AND COMMENTS

BACKGROUND

During a financial statement audit of the Township, by the Indiana State Board of Accounts, it was discovered that the Township had entered into service agreements with the Fire Corporation for the years 2019, 2020, and 2021, without proper approval from Township officials. An Indiana State Board of Accounts special investigation team was consulted, and subsequently began a special investigation. In this special investigation, the Indiana State Board of Accounts reviewed the agreements, Township funds paid to the Fire Corporation, and how the Township money was spent by the Fire Corporation. The following describes noncompliance with statutes or the *Accounting and Uniform Compliance Guidelines Manual for Townships*.

UNAUTHORIZED SERVICE AND OPERATIONS AGREEMENTS

The Fire Corporation, a 501(c)(3) nonprofit, was organized in 1954 to provide fire protection and emergency services. In the 2000s, the Township added a full-time fire department, but leased equipment and property from the Fire Corporation. In 2018, the Fire Corporation sold its equipment and property to the Township for \$135,000. Beginning in 2019 and continuing in 2020 and 2021, the Township and Fire Corporation entered into service and operations agreements. Former Wayne Township Fire Department (WTFD) Fire Chief Randy Adams (Adams) signed the agreements on behalf of the Township and Timothy Smith (Smith) signed the agreements on behalf of the Fire Corporation. Our review of the Fire Corporation board minutes revealed there was no discussion or approval of the agreements by the Fire Corporation Board of Directors (BOD) as required by its bylaws, and Smith did not have authority to enter the fire corporation into such agreements. We have no documentation that the agreements were approved by the Trustee. Adams did not have authority to enter the Township into such agreements.

The agreements stated the Fire Corporation was "**organized for the purpose of providing financial support to WTFD**", in accordance with the Fire Corporation's policies, procedures and bylaws, for certain qualified expenditures by WTFD relating to training for personnel, expenditures, capital equipment and material, and fire prevention services (the 'Funds'). The Fire Corporation's financial support to WTFD is to supplemental [sic] normal budget and tax supported training for personnel, expenditures for capital equipment and materials, and fire prevention education." **The Fire Corporation did not provide financial support to WTFD.** WTFD provided financial support to the Fire Corporation.

Per the service agreements, WTFD agreed to pay the Fire Corporation \$18,000, \$124,000, and \$124,000 in 2019, 2020, and 2021, respectively. The amounts budgeted in the Fire Fund by the Township Board were \$0, \$18,000, and \$130,000, respectively. There were no additional appropriations or transfers approved by the Township Board for the Fire Fund in 2019 and 2020. Township checks with Trustee Charles Jones Jr.'s (Jones Jr.) name on the signature line, were issued to the Fire Corporation in the amounts of \$18,000 in 2019, \$124,000 for 2020, and \$62,000 in 2021, for a total of \$204,000.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Townships*, Chapter 1)

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

WAYNE TOWNSHIP AND
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Indiana Code 6-1.1-18-4(d) states: "Any fund expended, in whole or in part, for a purpose for which it was not appropriated shall be considered unexpended and in the control of the executive, who is liable on the executive's bond for such an expenditure."

The trustee of the civil township has certain specific duties to perform. . . . Some of the most important frequently performed duties are listed herein: . . .

5. Receive and pay out township funds; . . .

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

Disbursements must be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

Some of the most important duties of a township board are:

- To advise with the township trustee concerning matters pertaining to the civil township.
...
- To make appropriations and establish tax rates and levies for the ensuing year . . .

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

Indiana Code 36-6-4-7 states:

"(a) Each purchase for the township by the executive must be made on written order of the executive, certifying that sufficient funds have been appropriated to pay the full price of the purchase. The executive shall issue a warrant and pay for the purchase not later than receipt of the county treasurer's first semiannual distribution following the purchase.

(b) An executive who violates this section commits a Class C infraction and is liable on the executive's official bond for the value of the purchase."

Indiana Code 36-6-4-8(a) states:

"The executive may use the township's share of state, county, and township tax revenues and federal revenue sharing funds for all categories of community services, if these funds are appropriated for the services by the township legislative body. The executive may use these funds for both operating and capital expenditures."

The Fire Corporation bylaws Article IX section 2-Contracts states:

"*Section 2 - Contracts.* The Board of Directors of Wayne Township Fire Department, Inc. shall approve the contract to be entered into with the Wayne Township Trustee and the Wayne Township Board for the operation and maintenance of the Wayne Township Fire Department, Inc. and all other contracts to be entered into by the Wayne Township Fire Department, Inc. After approval and authorization by the Board of Directors, the President and Secretary of the Corporation shall execute the various contracts."

WAYNE TOWNSHIP AND
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We request Jones Jr. and Adams, jointly and severally, to repay the Township \$204,000 for the unauthorized service and operations agreements. (See Summary of Charges, page 17)

Any amount repaid to the Township under the unallowable expenses per the service agreement or the conflict of interest comments below will offset against the \$204,000 for unauthorized service and operations agreements.

TOWNSHIP FUNDS DEPOSITED INTO FIRE CORPORATION ACCOUNT

The service agreements stated that WTFD may utilize the Fire Corporation as a 501(c)(3) entity for disposal of equipment. The agreements did not state that the Fire Corporation could retain any profits from the disposal of equipment. In 2019 and 2020, the Township signed over vehicles and equipment to the Fire Corporation. The Fire Corporation then sold the vehicles and equipment for \$28,814, and deposited the profits into the Fire Corporation bank account.

In addition, the Township had a contract with a medical company for its health clinic. The medical company determined it had overbilled the Township for the 2019 contract. On April 9, 2020, the company issued a \$41,000 check to WTFD with *Refund of Over payment 2019* in the memo line of the check. The check was deposited into the Fire Corporation bank account. The Fire Corporation did not pay for any expenses for the health clinic. All expenses were paid by the Township, and, therefore, any refunds were due to the Township and not the Fire Corporation.

Funds misappropriated, diverted, or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Townships, Chapter 1)

Indiana Code 5-13-6-1(c) states in part: ". . . 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."

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

Proceeds generated by the sale or rental of property must be receipted into the fund which originally purchased the property unless otherwise provided by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Jones Jr. to repay the Township \$28,814 for the proceeds of the sale of the Township assets and \$41,000 for the clinic refund, for a total of \$69,814. (See Summary of Charges, page 17)

WAYNE TOWNSHIP AND
 WAYNE TOWNSHIP FIRE DEPARTMENT, INC.
 MARION COUNTY
 RESULTS AND COMMENTS
 (Continued)

UNAUTHORIZED REIMBURSEMENTS TO THE FIRE CORPORATION

In addition to paying the Fire Corporation \$204,000 in service agreement payments, the Township also reimbursed the Fire Corporation \$36,306.19 for additional expenses, including flights and a rental car. The agreement did not address reimbursing the Fire Corporation for expenses incurred outside of the agreement. When an agreement is properly entered into and additional funding is needed for that agreement, the agreement should be revised and additional money appropriated. The unauthorized reimbursements to the Fire Corporation were as follows:

Date	Amount	Description
09-26-19	\$ 402.46	Airline ticket, seat charge
10-04-19	981.00	Airline ticket
10-09-19	226.77	Rental car
12-20-19	21,896.00	Public ed, community events, and employee appreciation
02-01-20	441.20	Airline ticket
02-28-20	1,108.76	Flight change
03-05-20	<u>11,250.00</u>	SCBA and regulators from Westfield
Total	<u>\$ 36,306.19</u>	

In addition, two of these reimbursements were paid by the Township, but did not contain sufficient documentation to support the validity and accountability of monies disbursed.

On December 18, 2019, the Township issued a check to the Fire Corporation for \$21,896 for a reimbursement of expenses. The Fire Corporation invoice attached to the Township purchase order included a description that stated it was for "Corporation expenses for Public Education, Community Events, and employee appreciation for 2019." However, there were no Fire Corporation receipts included to verify the Fire Corporation had incurred the said expenses to be reimbursed. In addition, community events and employee appreciation were not an allowable use of funds per the agreement. In an interview with a Fire Corporation official, he stated the amount submitted for reimbursement was an estimate based on a scan of the Fire Corporation's ledger.

On March 5, 2020, The township issued a check to the Fire Corporation for \$11,250 for a reimbursement of equipment. The Fire Corporation invoice attached to the Township purchase order included a description that stated it was for "used corporation funds to purchase 15 used Scott Paks." The quantity was 15 and the rate was \$750 each, for a total of \$11,250. The invoice for the purchase of the Scott Paks located in the Fire Corporation files showed that the Fire Corporation purchased 15 Scott Paks at \$500 each, for a total of \$7,500. In an interview with a Fire Corporation official, he stated the additional \$3,750 was to be used to refurbish the equipment. Per our review of the Fire Corporation expenses, no payments were made to refurbish the equipment.

WAYNE TOWNSHIP AND
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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 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)

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

Indiana Code 6-1.1-18-4(d) states: "Any fund expended, in whole or in part, for a purpose for which it was not appropriated shall be considered unexpended and in the control of the executive, who is liable on the executive's bond for such an expenditure."

Indiana Code 36-6-4-7 states:

"(a) Each purchase for the township by the executive must be made on written order of the executive, certifying that sufficient funds have been appropriated to pay the full price of the purchase. The executive shall issue a warrant and pay for the purchase not later than receipt of the county treasurer's first semiannual distribution following the purchase.

(b) An executive who violates this section commits a Class C infraction and is liable on the executive's official bond for the value of the purchase."

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Jones Jr. repay the Township \$36,306.19 for unauthorized reimbursements to the Fire Corporation. (See Summary of Charges, page 17)

UNALLOWABLE EXPENSES PER THE SERVICE AGREEMENTS

The service agreements between the WTFD and the Fire Corporation stated that the funds were to be designated and restricted to the qualified expenditures as follows:

1. A. The funds received by it from the citizens of the community should be used for the specialized and supplemental training of WTFD personnel and the purchase of specialized and supplemental capital equipment and material so the WTFD can better perform fire suppression and emergency services as well as services relating education the public, especially young children, in fire prevention. (2019)

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- B. The funds received by it from the citizens of the community should be used for the specialized and supplemental training of WTFD personnel, re-establish a Volunteer Emergency Medical Training process, the purchase of specialized and supplemental capital equipment and material so the WTFD can better perform fire suppression and emergency services, services educating the public, especially the elderly and young children in fire prevention as well as any other legal needs of maintaining a volunteer organization. (2020, 2021)
2. A. The funds should be spent only for training, equipment and programs that are consistent with WTFD policies and their ability to operate and maintain within their tax supported budget. (2019)
- B. The funds shall not be spent on programs that are not consistent with WTFD policies and their ability to operate and maintain within their tax supported budget. (2020, 2021)
3. A. The funds should not be used for fire corporation personnel salaries or employee benefits, operation and maintenance of any properties or equipment of fire corporation, expendable supplies needed for fire corporation to carry out its services, nor for fire prevention inspections. (2019)
- B. The funds may not be used for WTFD personnel salaries or employee benefits, operation and maintenance of any properties or equipment of WTFD, expendable supplies needed for WTFD to carry out its services for training, equipment and programs, nor fire prevention inspections. (2020, 2021)
4. The funds that the fire corporation spends for the WTFD should ultimately reflect in WTFD having greater abilities, efficiency and proficiency ratings so that the citizens of Wayne Township may receive better emergency services and qualify for lower insurance rates. (2019, 2020, 2021)

From 2019 to September 2021, the Fire Corporation had a total of \$361,858 in expenses. During our review of the disbursements, we determined \$239,397.37 of the expenses were not allowable uses per the service agreements as follows:

WAYNE TOWNSHIP AND
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	2019	2020	2021	Totals
Salaries (1)	\$ 37,500.00	\$ 100,000.00	\$ 50,000.00	\$ 187,500.00
Meals (2)	11,601.01	11,770.18	1,848.40	25,219.59
Entertainment (3)	354.00	427.22	-	781.22
Member retirement/appreciation/support (4)	4,837.78	4,564.08	7,240.40	16,642.26
Flights (5)	936.60	-	-	936.60
Undocumented (6)	499.36	-	-	499.36
Meals while training when paid a stipend (7)	5,921.91	1,896.43	-	7,818.34
Totals	<u>\$ 61,650.66</u>	<u>\$ 118,657.91</u>	<u>\$ 59,088.80</u>	<u>\$ 239,397.37</u>

- (1) Salaries paid to the five Fire Corporation Board members.
- (2) Meals, or reimbursements for meals. Some meal receipts were noted that were for a staff meeting, vendor meeting, trustee luncheon, office luncheon, and admin luncheon. However, many receipts were not provided, so we were unable to determine the validity and accountability of monies disbursed. The Fire Corporation official stated many of the meals were for Fire Corporation Board members to discuss Fire Corporation business. There were no minutes or public notices to document a Fire Corporation Board meeting was held. In our period reviewed, there was only record of two board meetings held by the Fire Corporation.
- (3) Entertainment expenses incurred when Township/Fire Corporation employees traveled to Georgia and Las Vegas for training.
- (4) Member retirement/appreciation/support expenses paid to members or members family for assistance while on medical or rehab leave, retirement lunch/gifts, and appreciation gift cards.
- (5) Flights purchased for two wives to attend a conference with their husbands.
- (6) Undocumented expenses of the Fire Corporation with no explanation.
- (7) Meals purchased on the Fire Corporation credit card when employees were paid a stipend for meals from either the Township or the Fire Corporation.

Based on our analysis, the Fire Corporation had \$58,417.13 of beginning cash at January 1, 2019, and other revenue sources from the period reviewed that could have been used to pay for the above expenses. Therefore, the Township funds in the amount of \$180,980.24 had to be used, but were not allowable per the agreements as shown in the table:

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 RESULTS AND COMMENTS
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	2019	2020	2021	Totals
Unallowable Expenses	\$ 61,650.66	\$ 118,657.91	\$ 59,088.80	\$ 239,397.37
Less Beginning Cash and Other Revenue	51,551.64	5,946.32	919.17	58,417.13
 Total Township Funds Used	 10,099.02	 112,711.59	 58,169.63	 180,980.24
 Less amounts requested to be repaid in Conflict of Interest				 (150,000.00)
 Total				 \$ 30,980.24

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Townships, Chapter 1)

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (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)

We requested Jones Jr., Adams, Louis Michael Lang (Lang), James P. Parham (Parham), and Timothy Smith (Smith), jointly and severally, to reimburse the Township \$30,980.24 for unallowable expenses per the service agreement. Any amount repaid to the Township for unallowable expenses per the service agreement will offset against the \$204,000 for unauthorized service and operations agreements.

CONFLICT OF INTEREST

Jones Jr., Adams, Lang, and Parham were each Fire Corporation Board members and Township employees/officials during the period 2019-2021. Each were paid \$37,500 from the Fire Corporation as Fire Corporation Board members during the period 2019-2021.

Jones Jr., Adams, Lang, and Parham were each charged with a level six felony for conflict of interest on May 20, 2022.

Indiana Code 35-44.1-1-4 states in part:

"(a) The following definitions apply throughout this section: . . .

- (2) 'Governmental entity served by the public servant' means the immediate governmental entity being served by a public servant.

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(3) 'Pecuniary interest' means an interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of:

(A) the public servant; or

(B) a dependent of the public servant who:

(i) is under the direct or indirect administrative control of the public servant; or

(ii) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant.

(b) A public servant who knowingly or intentionally:

(1) has a pecuniary interest in; or

(2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

(c) It is not an offense under this section if any of the following apply: . . .

(6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is:

(A) not a member or on the staff of the governing body empowered to contract or purchase on behalf of the governmental entity, and functions and performs duties for the governmental entity unrelated to the contract or purchase;

(B) appointed by an elected public servant;

(C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;

(D) elected; or

(E) a member of, or a person appointed by, the board of trustees of a state supported college or university.

(d) A disclosure must be in writing; . . .

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- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts; and
 - (B) if the governmental entity is a governmental entity other than the state or a state supported college or university, the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase; . . ."

Funds misappropriated, diverted, or unaccounted for through malfeasance, misfeasance, or nonfeasance 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 Townships, Chapter 1)

We requested Jones Jr. to reimburse the Township \$37,500 due to his conflict of interest with the service agreements.

We requested Adams to reimburse the Township \$37,500 due to his conflict of interest with the service agreements.

We requested Lang to reimburse the township \$37,500 due to his conflict of interest with the service agreements.

We requested Parham to reimburse the Township \$37,500 due to his conflict of interest with the service agreements.

Any amounts repaid to the Township for conflicts of interest will be offset against the \$204,000 for unauthorized service and operations agreements.

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the investigation of the Township and the Fire Corporation.

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

"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:

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- (1) costs incurred by the state board of accounts; and
- (2) all costs and reasonable attorney's fees incurred by the attorney general;

in connection with the civil proceedings."

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 Townships, Chapter 1)

We requested Jones Jr. and Adams, jointly and severally, reimburse the State of Indiana \$41,384.93 for special investigation costs. (See Summary of Charges, page 17)

INTERNAL CONTROL DEFICIENCIES

The following internal controls deficiencies were noted:

- Internal controls were not in place to ensure that Township service contracts were properly approved.
- Internal controls were not in place to detect that expenses exceeded appropriations for the agreements with the Fire Corporation.
- Internal controls were not in place to monitor that the Township funds were spent according to the service agreements.
- Internal controls were not in place to verify there was supporting documentation for all Township disbursements.

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 publication, Uniform Internal Control Standards for Indiana Political Subdivisions. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. This includes 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.

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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 Township has also been conducted by the Marion County Prosecutor's Office.

OFFICIAL BOND AND INSURANCE POLICY

The following is official bond and insurance policy information obtained by the Township:

Official Bond		Insurance Policy	
Period	Coverage	Period	Coverage
01-01-19 to 12-31-19	\$ 300,000	06-15-18 to 06-15-19	\$ 1,000,000
01-01-20 to 01-01-21	300,000	06-15-19 to 06-15-20	1,000,000
01-01-21 to 12-31-21	300,000	06-15-20 to 06-15-21	1,000,000
		06-15-21 to 06-15-22	1,000,000

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EXIT CONFERENCE

The contents of this report were discussed on June 9, 2022, with Charles Jones Jr., Trustee; Ramona Ward, Township Board member; Lynn McWhirter, Director of Operations; Louis Mike Lang, Fire Chief; Jeff Bellamy, Township Attorney; and Ted W. Nolting, Fire Corporation Attorney.

June 23, 2022

To Whom It May Concern,

This letter will serve as the official response of Wayne Township Fire Department, Inc. (“the Corporation”) to the draft Special Compliance Report (the “Report”) based on the Indiana State Board of Accounts’ (“SBOA”) examination of the Service Agreement (the “Agreement”) between Wayne Township (the “Township”) and the Corporation. We appreciate your consideration of this response and its inclusion in your final report.

Among other things, the Report charges the Corporation board members with having a “conflict of interest,” in that they were allegedly paid salaries from Township funds remitted to the Corporation under the Agreement. Ind. Code § 35-44.1-1-4 requires that person have a “pecuniary interest in” or “derive a profit from” a contract to be guilty of such a conflict of interest, which is a level 6 felony.

SBOA’s conclusion is baseless. First, SBOA has provided no evidence that the funds received from the Agreement were the same funds used to pay the salaries. During the investigation process, the Corporation provided SBOA with information concerning additional funds it received from the sale of equipment to the Township (see attached Exhibit “A”). Although SBOA noted this transaction in its background information, it failed to consider those funds in the Report. As further detailed in Exhibit A, the Corporation maintained a balance of over \$130,000 in a savings account throughout the investigation period, as well as cash on hand in the amount of \$58,417.13. The failure of SBOA to consider these funds when it charged Corporation board members with conflict of interest is an egregious oversight.

Next, the Agreement expressly prohibited the use of Township funds for “Fire Corporation personnel salaries”. If the Board used Township funds received under the Agreement to pay board member salaries, they would perhaps be liable for a breach of contract, but not guilty of a conflict of interest.

The Board members of the Corporation are all public servants. While dedicated to public service and attempting to make their community a better place, the Corporation board members acknowledge and agrees that better internal controls are necessary to ensure transparency and public confidence that public funds are being used appropriately. However, we ask that you consider all the information available and revise the report to reflect these facts.

Respectfully,

Michael Lang, President

Wayne Township Fire Department, Inc.

A redacted version of Exhibit A will be made available to view upon request to the Indiana State Board of Accounts

WAYNE TOWNSHIP AND
WAYNE TOWNSHIP FIRE DEPARTMENT, INC.
MARION COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Charles Jones Jr., Trustee, and Randy Adams, former Fire Chief, jointly and severally: Unauthorized Service and Operations Agreements, pages 3 through 5	\$ 204,000.00	\$ -	\$ 204,000.00
Charles Jones Jr., Trustee, and Fire Corporation Board member: Township Funds Deposited Into Fire Corporation Account, page 5	69,814.00	-	69,814.00
Charles Jones Jr., Trustee, and Fire Corporation Board member: Unauthorized Reimbursements to the Fire Corporation, pages 6 and 7	36,306.19	-	36,306.19
Charles Jones Jr., Trustee and Fire Corporation Board member, and Randy Adams, former Fire Chief and Fire Corporation Board member, jointly and severally: Special Investigation Costs, pages 12 and 13	<u>41,384.93</u>	<u>-</u>	<u>41,384.93</u>
Totals	<u>\$ 351,505.12</u>	<u>\$ -</u>	<u>\$ 351,505.12</u>

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)
)
marion COUNTY)

I, Gina Gambaiani, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Wayne Township and Wayne Township Fire Department, Inc., Marion County, Indiana, for the period from January 1, 2019 to September 30, 2021, is true and correct to the best of my knowledge and belief.

Gina Gambaiani
Field Examiner

Subscribed and sworn to before me this 22 day of June, 2022

Juanita M. Hendricksen
Notary Public

My Commission Expires:

County of Residence:

