

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

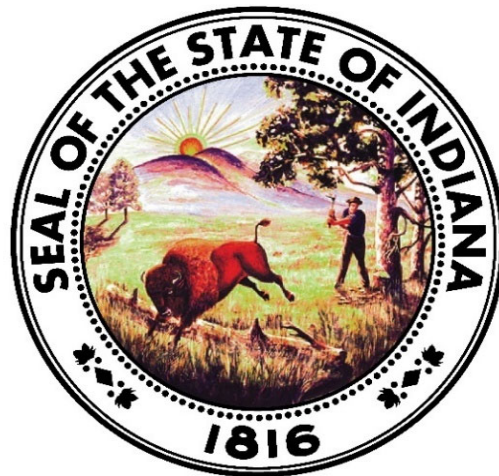
SPECIAL INVESTIGATION REPORT

OF

PIGEON TOWNSHIP

VANDERBURGH COUNTY, INDIANA

January 1, 2020 to July 7, 2022



FILED
05/05/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter	2
Results and Comments:	
Background.....	3
Homeless Shelter - Invoiced Work not Completed, Overpayment of Invoices, Payments without Supporting Documentation	3-7
Invoiced Work not Completed	8-11
Overpayment of Invoices.....	11-14
Payments without Supporting Documentation	14-15
Special Investigation Costs	16
Internal Controls	16-17
Investigation by Law Enforcement Agency	17
Official Bond and Insurance Policy.....	18
Exit Conference.....	19
Summary of Charges	20
Affidavit.....	21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PIGEON TOWNSHIP, VANDERBURGH COUNTY, INDIANA

This is a special investigation report for Pigeon Township (Township), Vanderburgh County, for the period January 1, 2020 to July 7, 2022, 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 and were limited to records associated with the Township in relation to payments made to Hardiman Construction, LLC. The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 27, 2023

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS

BACKGROUND

Mariama Wilson (Wilson), Trustee, served her first term as Trustee from January 1, 2019 to December 31, 2022. Wilson was re-elected for a second term beginning January 1, 2023, and ending December 31, 2026.

William Payne (Payne) holds the position of Township Community Relations Director and Shelter Coordinator. He has held the position of Township Community Relations Director since 2019. This position was created by Wilson during her first term as Trustee.

Hardiman Construction, LLC was created as a Domestic Limited Liability Company on March 18, 2019, per the Articles of Organization obtained from the Indiana Secretary of State's records. Terrance Hardiman is listed as the member. There is no evidence that Terrance Hardiman is or was a licensed contractor in the City of Evansville. The Evansville Building Commission License Clerk confirmed that they did not have any record in their system for Terrance Hardiman or Hardiman Construction, LLC. Hardiman Construction, LLC was hired by Payne to work on the Dorathea MacGregor Family Shelter and the Township Food Pantry. Hardiman Construction, LLC was bonded for the period February 27, 2020 to February 27, 2021.

The Township provides transitional housing through the Dorathea MacGregor Family Shelter (homeless shelter), a shelter owned and ran by the Township. Per records of the Secretary of State, on March 23, 2020, a domestic nonprofit corporation named "Friends of Dorothea McGregor [Dorathea MacGregor] Family Shelter, Inc." was created. Wilson was named as the Registered Agent, Chairman and Incorporator on the Articles of Incorporation. Payne stated that the nonprofit was going to dissolve in 2023.

The Pigeon Township Food Pantry (pantry) was opened in 2020. The building was purchased from Cook Portable Warehouses for a total of \$14,904.36 according to documentation reviewed by the Indiana State Board of Accounts (SBoA). Upon delivery to the Township, the warehouse was unfinished, and Hardiman Construction, LLC was hired to finish the interior of the pantry.

The SBoA received an allegation that the Trustee and other Township employees were fraudulently expending taxpayers' money in relation to payments to Hardiman Construction, LLC.

The SBoA conducted an investigation of the Township's records in relation to the payments made to Hardiman Construction, LLC. The following describes noncompliance with the Indiana Code statutes and the *Accounting and Uniform Compliance Guidelines Manual for Townships*.

HOMELESS SHELTER - INVOICED WORK NOT COMPLETED, OVERPAYMENT OF INVOICES, PAYMENTS WITHOUT SUPPORTING DOCUMENTATION

Hardiman Construction, LLC received the first payment for work performed on the homeless shelter on February 11, 2020. Hardiman Construction, LLC received the last payment on May 16, 2022.

Hardiman Construction, LLC had obtained a \$25,000 permit bond that was for the period of February 27, 2020 to February 27, 2021. CNA Surety confirmed the validity of this bond and that the bond was not renewed by Hardiman Construction, LLC after this period. Outside of this bonded period, the Township paid a total of \$133,466 to Hardiman Construction, LLC.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

According to the Evansville Indiana Building Commissions website, building permits are required for:

- All new buildings, additions, or structural alterations to existing buildings; including accessory buildings, windows, siding, and re-roofing and must be obtained prior to starting work.
- A building wrecking permit is required for the demolition of all buildings, including accessory buildings, and must be obtained prior to demo.
- An electrical permit is required if you are installing a new service, new wiring or rewiring and must be obtained prior to starting work.

The SBoA reviewed documentation provided by Wilson that the Township had obtained one Special Use Permit from the City of Evansville for the construction of the food pantry's structure. The construction of the pantry did not occur, and the Township then purchased a portable warehouse that was already built but was not finished. Therefore, the work outlined in the Special Use Permit was not performed. The Township did not obtain permits for any of the jobs performed by Hardiman Construction, LLC.

Furthermore, the Township never entered into a contract with Hardiman Construction, LLC. Wilson explained that they would continue to use Hardiman Construction, LLC when problems would arise in the homeless shelter or homeless shelter garage.

Hardiman Construction, LLC was issued 39 checks from the Township for work performed on the homeless shelter, homeless shelter garage, and township food pantry, totaling \$215,371, as follows:

LEGEND

HS = Homeless Shelter
HSG = Homeless Shelter Garage
FP = Food Pantry
N/A = Payments Without Support

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

<u>Date</u>	<u>Amounts</u>	<u>Fund Name</u>	<u>Building</u>
02-11-20	\$ 1,750	WELFARE ADMINISTRATION	HS
02-13-20	55	WELFARE ADMINISTRATION	HS
02-13-20	5,445	WELFARE ADMINISTRATION	HS
02-21-20	8,036	WELFARE ADMINISTRATION	HS
02-25-20	7,030	TOWNSHIP ASSISTANCE	HS
03-03-20	7,030	TOWNSHIP ASSISTANCE	HS
03-03-20	2,800	TOWNSHIP ASSISTANCE	FP
03-06-20	3,400	TOWNSHIP ASSISTANCE	FP
03-06-20	5,000	TOWNSHIP ASSISTANCE	FP
03-11-20	7,000	TOWNSHIP ASSISTANCE	FP
03-11-20	5,800	TOWNSHIP ASSISTANCE	FP
03-16-20	11,800	TOWNSHIP ASSISTANCE	HS
04-09-20	7,500	TOWNSHIP ASSISTANCE	N/A
04-21-20	3,600	TOWNSHIP ASSISTANCE	N/A
05-22-20	1,175	WELFARE ADMINISTRATION	N/A
05-27-20	9,000	TOWNSHIP ASSISTANCE	HS
06-04-20	4,600	TOWNSHIP ASSISTANCE	HS
06-16-20	6,200	TOWNSHIP ASSISTANCE	HS
06-26-20	5,000	TOWNSHIP ASSISTANCE	HSG
06-29-20	2,000	TOWNSHIP ASSISTANCE	N/A
07-09-20	5,000	TOWNSHIP ASSISTANCE	HSG
03-19-21	8,000	RAINY DAY FUND	HS
04-07-21	6,200	RAINY DAY FUND	N/A
06-08-21	5,000	TOWNSHIP ASSISTANCE	HS
10-26-21	6,000	TOWNSHIP ASSISTANCE	HSG
10-28-21	13,800	TOWNSHIP ASSISTANCE	HSG
11-02-21	8,000	TOWNSHIP ASSISTANCE	HSG
11-17-21	4,500	TOWNSHIP ASSISTANCE	HSG
01-05-22	5,000	TOWNSHIP ASSISTANCE	HS
01-11-22	4,400	TOWNSHIP ASSISTANCE	HS
01-24-22	6,000	TOWNSHIP ASSISTANCE	HS
01-26-22	6,000	TOWNSHIP ASSISTANCE	HS
02-01-22	6,000	TOWNSHIP ASSISTANCE	HS
02-08-22	6,000	TOWNSHIP ASSISTANCE	HS
03-09-22	1,000	TOWNSHIP ASSISTANCE	HS
03-09-22	1,000	TOWNSHIP ASSISTANCE	HS
03-09-22	2,500	TOWNSHIP ASSISTANCE	HS
05-11-22	9,900	TOWNSHIP ASSISTANCE	HSG
05-16-22	6,850	TOWNSHIP ASSISTANCE	HSG
Total	<u>\$ 215,371</u>		

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

The SBoA documented payments made to Hardiman Construction, LLC for the homeless shelter, homeless shelter garage, and the food pantry. Below are the calculations of total payments for work performed by Hardiman Construction, LLC made by building:

	Amounts
Homeless Shelter	\$ 111,846
Homeless Shelter Garage	59,050
Food Pantry	24,000
Payments Without Support (Building Unknown)	20,475
 Total	 \$ 215,371

The SBoA reviewed the only quote that was provided by the Township for any of the jobs on the homeless shelter, homeless shelter garage, and food pantry, from Happe & Sons Construction, INC. This quote was dated October 22, 2019, and included the following work to be completed on the homeless shelter:

"Unit 918 Upstairs:

Flooring:

- Remove carpet from both bedrooms, hall, and stairs. Install LVT flooring where carpet was removed over existing subfloor.

Price: \$9,700.00

Walls, ceilings, and lighting:

- Remove and replace existing ceiling grid and tile in the two bedrooms, hall, and kitchen. Tile to be 2x4 random fissure.
- Install 12 2x4 LED lay in lights.
- Paint existing paneling and wall coverings in the two bedrooms, hall, and kitchen.

Price: \$11,815.00

- Option: Remove paneling and hang drywall in two bedrooms and hall.

Price: \$6,150.00

Kitchen:

- Remove existing cabinets and tile flooring. Install new ¼" underlayment and LVT flooring.
- Install new cabinets and laminate countertops.
- Install new stainless steel double bowl sink.
- Install new kitchen faucet.

Price: \$8,135.00

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

Unit 916 Downstairs

Flooring:

- Install LVT flooring over existing subfloor in two bedrooms, sitting room, and hallway.

Price: \$7,755.00

Walls, ceilings, and lighting:

- Frame in opening between oversized pocket doors in bedroom.
- Install 36x80 pocket door.
- Hang and finish drywall on new framing.
- Paint walls in two bedrooms, hallway, kitchen, and sitting room. Remove and replace ceiling grid and tile in two bedrooms, hallway, sitting room, and kitchen. Tile to be 2x4 random fissure.
- Install 15 2x4 LED lay in lights.

Price: \$16,280.00

Kitchen:

- Remove existing cabinets. Install new cabinets and laminate countertops.
- Install new stainless steel double bowl sink. Install new kitchen faucet.

Price: \$5,275.00

Total Price: \$65,110"

The total paid for work performed on the homeless shelter to Hardiman Construction, LLC was \$111,846, which is \$46,736 more than the quote from Happe & Sons Construction, INC. The work outlined in the quote from Happe & Sons Construction, INC had additional work that would have been completed in the homeless shelter that was not completed by Hardiman Construction, LLC. This additional work included the following:

- New flooring in all bedrooms, hallways, and both kitchens. (Hardiman Construction, LLC did not put new flooring in all rooms)
- New cabinets and counter tops in both kitchens.
- Installation of 27 new 2x4 LED lay in lights.
- Drywalling the hallway of the upstairs unit.

On February 7, 2023, the SBOA visited the Township to inspect work completed on the homeless shelter, homeless shelter garage, and food pantry. We inspected work that was billed by and paid to Hardiman Construction, LLC for completion and quality of work completed.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

INVOICED WORK NOT COMPLETED

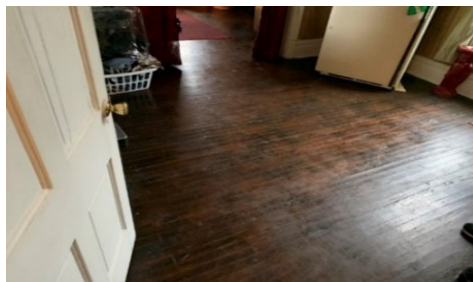
During the SBoA's inspection of the work billed by Hardiman Construction, LLC on February 7, 2023, of the homeless shelter, it was noted that not all work paid for by the Township had been completed by Hardiman Construction, LLC. While interviewing Wilson during our visit, the SBoA asked if all the jobs paid for by the Township had been completed. Wilson responded with "something in the garage may not be done" but did not explain further. Wilson provided the following information about Hardiman Construction, LLC jobs during the interview:

- The documents titled "Estimate" were considered invoices. She stated that estimates were not given in advance of the job's completion.
- A signature on an invoice or estimate meant that the work had been reviewed by her or Payne and that it was ready for payment. (During our inspection of the homeless shelter, Payne claimed that it was not his job to ensure that the work had been completed before the work was paid for.)
- Estimates or Invoices that had been stamped with Wilson's signature had not been reviewed by her. She always signed estimates or invoices in pen.
- Payments were only made in advance for materials needed for the current job.
- Jobs below \$15,000 would not get Board approval. Jobs over \$15,000 would get Board approval before the work was completed. The SBoA reviewed Board minutes for the entire period Hardiman Construction, LLC was being paid, and there were no mentions of approval of any of the jobs completed by Hardiman Construction, LLC in the Board minutes.

During the inspection of the homeless shelter on February 7, 2023, the SBoA determined the following jobs had incomplete work:

Maintenance Apartment Rehab

In the upstairs of the homeless shelter, the SBoA discovered that the flooring in the maintenance apartment was the original flooring of the homeless shelter that had been sanded and stained. On the invoice for the upstairs rehab dated February 11, 2020, it includes "Sand refinish floor." On a subsequent estimate dated May 22, 2020, work performed in the maintenance apartment included "Floors: New sub flooring. Level sub flooring. Install vapor barrier. Lay waterproof flooring. Trim and baseboard included. - \$9,000.00." There was no evidence that new flooring was installed. During the inspection, Payne agreed that it was the original flooring of the homeless shelter that had been sanded and refinished. The SBoA determined that \$9,000 was paid for work not performed in the maintenance apartment in the upstairs of the homeless shelter. The picture below was taken of the flooring in the maintenance apartment by the SBoA during our inspection of the homeless shelter on February 7, 2023.



PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

Basement Steps

During the inspection of the homeless shelter on February 7, 2023, one of the jobs inspected was for the replacement of the basement steps. On an estimate dated June 6, 2021, one of the line items paid for was "Basements steps - \$2,700.00." Upon inspection of the basements steps, it was observed that this job had not been completed. Payne said that they had decided to close off the basement because they considered it unsafe for the people who live in the homeless shelter, and, therefore, used this money for repairs elsewhere. Payne did not say where the repairs were made with this money. The SBoA determined \$2,700 was paid for the basement steps repair that was not completed by Hardiman Construction, LLC. Below are pictures of the basements steps taken by the SBoA during the inspection of the homeless shelter on February 7, 2023.



Homeless Shelter Garage

On an estimate dated October 31, 2021, Hardiman Construction, LLC was paid \$8,000 for "Drywall/paint - Hand finish new drywall with level 5 finish. Paint with level 5 finish - \$8,000.00." During the SBoA's inspection of the homeless shelter garage on February 7, 2023, it was determined that the interior of the garage had been framed in with plywood, but had not been completed with drywall. The estimate had Wilson's signature stamped on it, asserting the work had been completed and could be paid for.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

In addition, on an estimate dated October 29, 2021, Hardiman Construction, LLC was paid \$4,500 for "Electric: Check all outlets and wiring to ensure up to code. Install new wiring for freezer + outlets. Replace all outlets/Switches - \$4,500.00." On a subsequent estimate dated May 11, 2022, Hardiman Construction, LLC was paid \$16,750. \$7,000 of this total was for "Electric: Run 220 amp wire (underground) from breakerbox in shelter to garage. Will need to set sub panel box on garage then run wire inside to where unit will be. Additional outlets will need to be ran for new units being placed in garage as food storage. Wires will need to be ran where they are tied to waste line (Fire Hazard) - \$7,000.00." The electric work on the garage was paid for twice. Therefore, the SBoA determined that \$4,500 was paid by the Township for invoiced work not completed in the garage.

Lastly, on an estimate dated May 11, 2022, Hardiman Construction, LLC was paid \$6,200 for "Ceiling tile: Ceiling tile that are water damaged will be replaced - \$3,000. Framing: Platforms will need to be built and place for freezer units as well as washer/dryer." Upon inspection of the interior of the garage, the SBoA discovered that ceiling tiles were only placed in one section of the garage and had not been placed in the whole garage. There were no platforms built for the freezer, washer, or dryer for the SBoA to observe.

After inspection of the homeless shelter garage, the SBoA determined that \$18,700 was paid by the Township for invoiced work not completed in the garage.

	<u>Amounts</u>
Drywall/Paint	\$ 8,000
Electric work paid twice	4,500
Ceiling tile/Platforms	<u>6,200</u>
 Total	 <u>\$ 18,700</u>

See pictures below for work done on the interior of the garage.



PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)



In total, the SBoA determined \$30,400 was paid by the Township for work not completed but invoiced by Hardiman Construction, LLC.

	Amounts
Maintenance Apartment Rehab	\$ 9,000
Basement Steps	2,700
Homeless Shelter Garage	18,700
 Total	 \$ 30,400

OVERPAYMENT OF INVOICES

While abstracting the invoices for payments made by the Township to Hardiman Construction, LLC, it was discovered by the SBoA that two separate invoices had been overpaid.

The following information comes from the invoice dated March 3, 2020:

"Food Pantry

Electric:

- Dig trench for underground wire from food pantry to Family shelter.
- Run wire from existing breaker box in family shelter to pantry. Run wires inside pantry for 2 outlets on east side of building for coolers, 3 outlets to front of building. Run wiring for lighting.
- After drywall is finished, the electrician will then return to install outlets, switches, and lights.

Framing:

- A counter top will be framed in at the front of the building to provide a work station with enough clearance to be able to move in and out safely.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

Insulation:

- Insulation will be hung between ceiling rafters and all outside walls.

Drywall:

- Drywall will be hung between ceiling rafters and all outside walls.

Paint - Paint ceiling and walls:

Total cost: \$10,800
Electric - \$2,800
Insulation - \$1,500
Framing - \$1,500
Drywall - \$4,000
Paint - \$1,000

- First Payment of \$5,000 will need to be paid to cover cost of labor and material and will cover the first part of project.
- Second payment of \$3,000 will need to be paid for second part of project which will cover labor and material cost.
- Final payment of \$2,800 will need to be paid for second part of project which will cover labor and material cost."

The following payments were made in accordance with this invoice:

<u>Check #</u>	<u>Date</u>	<u>Amounts</u>	<u>For</u>
25308	03-03-20	\$ 2,800	Electric
25326	03-06-20	5,000	First Payment
25336	03-11-20	<u>5,800</u>	Second and Third Payment
Total		<u>\$ 13,600</u>	

<u>Per Invoice</u>	<u>Amounts</u>
Electric	\$ 2,800
Insulation	1,500
Framing	1,500
Drywall	4,000
Paint	<u>1,000</u>
Total Invoice	<u>\$ 10,800</u>
Total Overpaid	<u>\$ 2,800</u>

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

In addition, on an invoice dated February 11, 2020, the Township overpaid the homeless shelter upstairs rehab job by \$2,300. The following information comes from this invoice:

"Remove ceiling tile in kitchen. Paint ceiling tile hangers. Install ceiling tile.

Clean grout lines in bathrom. Add grout for clean finish. Remove tub + tub surround. Hang and finish drywall. Install new tub + surround. Remove ceiling tiles. Rehang ceiling tile. Recase window.

Sand refinish floor. Remove ceiling tile. Paint ceiling tile hangers. Install ceiling tile.

(Excluding) Drywall beind bathtub will need to be tore out and frame work will need to be as well as hanging and finsihing moisture resistant drywall before installing tub and tub surround.

Total cost materials \$1,750. Total cost labor \$3,200."

The following payments were made in accordance with this invoice:

<u>Check #</u>	<u>Date</u>	<u>Amounts</u>
25254	02-11-20	\$ 1,750
25265	02-13-20	55
25266	02-13-20	<u>5,445</u>
Total		<u><u>\$ 7,250</u></u>

<u>Per Invoice</u>	<u>Amounts</u>
Materials	\$ 1,750
Labor	<u>3,200</u>
Total Invoice	<u><u>\$ 4,950</u></u>
Total Overpaid	<u><u>\$ 2,300</u></u>

- The first payment of \$1,750 had a memo of "TOTAL COST FOR THE MATERIALS TO RENOVATION OF THE SHELTER UPSTAIRS." This reconciles with the amount for materials on the invoice.
- The second of payment of \$55 and the third payment of \$5,445 both had the same memo of "completed of the 3 units and hallway." The remaining balance of the invoice before the payment was \$3,200.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

In total between these two invoices, the SBoA determined that \$5,100 paid to Hardiman Construction, LLC was an overpayment of invoices.

	<u>Amounts</u>
Food Pantry	\$ 2,800
Homeless Shelter	2,300
Total Paid	\$ 5,100

PAYMENTS WITHOUT SUPPORTING DOCUMENTATION

Supporting documentation was not provided for \$20,475 in payments made to Hardiman Construction, LLC as follows:

<u>Check #</u>	<u>Date</u>	<u>Amounts</u>
25381	04-09-20	\$ 7,500
25398	04-21-20	3,600
25457	05-22-20	1,175
25537	06-29-20	2,000
26334	04-07-21	6,200
Total		\$ 20,475

One of the estimates found in the Hardiman Construction, LLC folder on file at the Township contained a handwritten comment. On the estimate dated June 14, 2020, added with handwriting was "Extra expenses + 2,000.00." A handwritten amount added onto an invoice is not considered sufficient support. There was no evidence provided that any extra expenses were incurred.

After providing a list of unsupported payments to Wilson, she emailed an estimate that was dated March 18, 2021, for the construction of the back deck and stairs and claimed that check # 26334 went along with this estimate. The memo for this check said "for labor and other expenses found during the demo process." On the estimate, there is a line item for "Demolition \$2,700" and this had also already been paid. There was no estimate or invoice provided as support for the \$6,200 payment.

The SBoA determined that \$20,475 was paid by the Township to Hardiman Construction, LLC without sufficient supporting documentation.

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)

Payments for services provided by an organization must go directly to the organization and not to an individual employee of the organization. All payments for services must be supported by a written contract. 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)

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

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)

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

Indiana Code 36-1-12-4.7 states:

"(a) This section applies whenever a public work project is estimated to cost at least fifty thousand dollars (\$50,000) and less than one hundred fifty thousand dollars (\$150,000).

(b) The board must proceed under the following provisions:

- (1) The board shall invite quotes from at least three (3) persons known to deal in the class of work proposed to be done by mailing them a notice stating that plans and specifications are on file in a specified office. The notice must be mailed not less than seven (7) days before the time fixed for receiving quotes.
- (2) The board may not require a person to submit a quote before the meeting at which quotes are to be received. The meeting for receiving quotes must be open to the public. All quotes received shall be opened publicly and read aloud at the time and place designated and not before.
- (3) The board shall award the contract for the public work to the lowest responsible and responsive quoter.
- (4) The board may reject all quotes submitted."

The SBoA requests Wilson and Payne, jointly and severally, to reimburse the Township \$55,975 for the following:

	Amounts
Invoiced work not completed	\$ 30,400
Overpayment of invoices	5,100
Payments without supporting documentation	20,475
 Total Paid	 \$ 55,975

(See Summary of Charges, page 20)

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional audit costs due to the special investigation of the Township's 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 . . ."

Audit costs incurred because of poor records, nonexistent records or any other inadequate bookkeeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The SBoA requested Wilson and Payne to reimburse the State of Indiana \$31,383 for special investigation costs. (See Summary of Charges, page 20)

INTERNAL CONTROLS

The following deficiencies of internal controls were noted during our investigation of the Township:

Township Assistance: Shelter Expenditures

According to Indiana Code 12-20-17-2, a Township may not expend more than \$100,000 on shelter expenditures without the approval of the county executive. There was no evidence provided that the Township had approval of the county executive to expend more than \$100,000 on shelter expenditures. The Township paid Hardiman Construction, LLC a total of \$170,896 on renovations made to the homeless shelter and homeless shelter garage.

Advanced Contractual Payments

The SBoA documented \$30,400 paid to Hardiman Construction, LLC without completion of the work. The payments were made in advance of receiving the services. The Township failed to request the repayment of these funds or the completion of the projects. With the payments being made in advance of services, the Township suffered a loss. During the February 7th, 2023 interview of Wilson, she stated that at times she would issue checks in advance of jobs for the materials of the job.

There was no oversight of Township financial activity on an ongoing basis by an individual other than Wilson and Payne regarding payments made on shelter expenditures. Due to the lack of segregation of duties over the shelter renovations, invoices were overpaid, unsupported payments were made, and payments were made without completion of work performed to Hardiman Construction, LLC.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, Uniform Internal Control Standards for Indiana Political Subdivisions. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. 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 AGENCY

An investigation into the Township in relation to payments made to Hardiman Construction, LLC has also been conducted by the Federal Bureau of Investigations. Terrance Hardiman, Payne, and Wilson were charged with the following counts on April 26, 2023:

Count 1:
18 U.S Code 1349
Conspiracy to Commit Wire Fraud

Counts 2-5:
18 U.S. Code 1343 and 2
Wire Fraud

Additionally, Terrance Hardiman was charged with:

Count 6:
18 U.S. Code 1956(a)(1)(B)(i)
Money Laundering

It is our understanding that Evansville Police Department is also conducting an investigation in relation to the payments made by the Township to Hardiman Construction, LLC.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
RESULTS AND COMMENTS
(Continued)

OFFICAL BOND AND INSURANCE POLICY

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

<u>Coverage Period</u>	<u>Coverage Amount</u>
01-01-20 to 12-31-20	\$ 60,000
01-01-21 to 12-31-21	60,000
01-01-22 to 12-31-22	60,000

<u>Coverage Period</u>	<u>Coverage Amount</u>
05-10-20 to 05-10-21	\$ 1,000,000
05-10-21 to 05-10-22	1,000,000
05-10-22 to 05-10-23	1,000,000

The following is a surety bond obtained by Hardiman Construction, LLC:

<u>Coverage Period</u>	<u>Coverage Amount</u>
02-27-20 to 02-27-21	\$ 25,000

PIGEON TOWNSHIP, VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2023, with Mariama Wilson, Trustee; Ruby McGlown, President of the Township Board; Connie Robinson, Township Board member; and Shirley Baker, Township Board member.

PIGEON TOWNSHIP, VANDERBURGH COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	Charges	Credits	Balance Due
Mariama Wilson, Trustee, and William Payne, Township Community Relations Director, jointly and severally: Homeless Shelter - Invoiced Work not Completed, Overpayment of Invoices, Payments without Supporting Documentation , pages 3 through 7	\$ 55,975	\$ -	\$ 55,975
Mariama Wilson, Trustee, and William Payne, Township Community Relations Director, jointly and severally: Special Investigation Costs, page 16	31,383	-	31,383
Totals	\$ 87,358	\$ -	\$ 87,358

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

