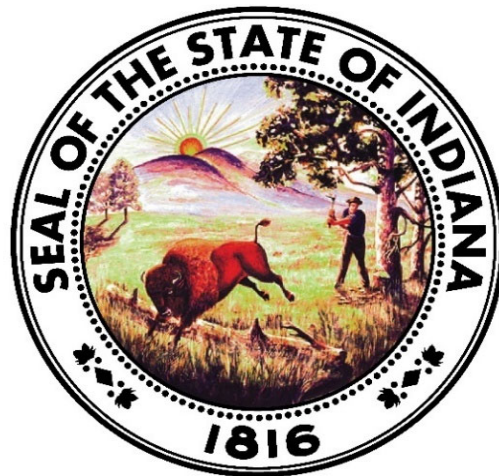


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SPECIAL INVESTIGATION REPORT
OF

DEARBORN COUNTY CITIZENS AGAINST
SUBSTANCE ABUSE, A.K.A. COMMUNITY
ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
DEARBORN COUNTY, INDIANA

September 1, 2018 to March 31, 2021



FILED
06/07/2023

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TO: THE OFFICIALS OF THE DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A. COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS, DEARBORN COUNTY, INDIANA

This is a special investigation report for the Dearborn County Citizens Against Substance Abuse, a.k.a. Community Advocating for Substance Abuse Awareness (CASA), for the period September 1, 2018 to March 31, 2021, and is in addition to any other report for CASA as required under Indiana Code 5-11-1. All reports pertaining to the CASA 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 vendor and payroll disbursements. 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.

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

April 24, 2023

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
RESULTS AND COMMENTS

BACKGROUND

In December 2021, the Indiana State Board of Accounts (SBOA) received communication from the Indiana State Police (ISP) requesting assistance on an investigation of the Dearborn County Citizens Against Substance Abuse, aka Community Advocating for Substance Abuse Awareness (CASA). The communication indicated Bevin O'Donnell (O'Donnell), formerly Bevin Van Wassenhove, former Executive Director of the CASA, allegedly made disbursements which were not approved or did not have a business purpose from the CASA's bank account, and she received compensation during the period of October 1, 2020 to March 31, 2021, for which she was not entitled to receive.

CASA officials became aware of the alleged fraudulent activity and hired an accounting firm to review the records and prepare a report of their findings. The CASA provided the ISP and the SBOA with the report.

The CASA is a not-for-profit corporation that received partial funding from local governmental units. Due to receiving this funding, the SBOA examined the records, contracts, and policies of the CASA. The following describes noncompliance with statutes or the *Accounting and Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*.

NON-BUSINESS EXPENDITURES FROM CASA'S CHECKING ACCOUNT

O'Donnell made non-business expenditures from the CASA's checking account totaling \$38,206.17. The following schedule depicts the types of non-business expenditures and the total amount for each type.

Expenditure Type	Amount
Payments to O'Donnell via Third-Party Vendor	\$ 18,717.78
Cashback Received by O'Donnell	320.00
No Supporting Documentation	16,444.09
No Business Purpose Identified	<u>2,724.30</u>
Total	<u>\$ 38,206.17</u>

Further explanation of the types of non-business expenditures is stated below.

Payments to O'Donnell via Third Party Vendor

There were 59 non-business expenditures totaling \$18,717.78 in which payment was made to O'Donnell via a third-party account linked to the CASA's checking account. The investigation determined O'Donnell made instant transfers of monies from the CASA's checking account via the third-party account to her personal third-party account. Subsequently, O'Donnell made instant transfers from her personal third-party account to her personal checking account.

Cashback Received By O'Donnell

There were 5 non-business expenditures totaling \$320 in which O'Donnell obtained cashback at the time of the transactions.

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
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RESULTS AND COMMENTS
(Continued)

No Supporting Documentation

There were 128 non-business expenditures totaling \$16,444.09 in which no supporting documentation was provided for the transactions. A review of vendor websites indicates merchandise such as boots, shoes, cosmetics, phone repair, pillows, and clothing were purchased. Some purchases were shipped to O'Donnell's personal residence.

No Business Purpose Identified

There were 20 non-business expenditures totaling \$2,724.30 in which supporting documentation was provided, but there was no indication of the business purposes for the transactions. A review of the receipts showed expenditures for gift cards, reloadable Visa cards, grocery items, candy, gift bags, personal care items, debt planner, drinking bottles, clothing, phone case, sunglasses, and a recliner. Some purchases were shipped to O'Donnell's personal residence.

The Accounting Policies and Procedures for the CASA of Dearborn County states in part:

"Cash Disbursement and Expense Allocations

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing and promotional material
8. Expenditures identified and approved by the board for CASA activities

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving reimbursements as follows:

- Other Expenditures: a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

CASA Finance Committee and Executive Board review all requests for payment and:

1. Verifies expenditures and amount
2. Approves for payment if legitimate expense

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
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RESULTS AND COMMENTS
(Continued)

3. Provides or verifies appropriate allocation information
4. Votes for the approval of monthly expenses

The Executive Director will then:

1. Immediately enter expenditures into the accounting ledger and print off check
2. Submit check, with attached backup documentation to the Finance Committee for signature
3. Stamp invoice as 'paid' with name and date
4. Mail checks and appropriate back up documentation
5. File all documentation in the appropriate file . . ."

DEBIT CARD POLICY AND CHARGES

All staff members who are authorized to carry an organization debit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the debit card includes: personal expenditures of any kind, expenditures which have not been properly authorized, meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which the CASA receives funds.

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Entities receiving financial assistance from state or local governments are subject to the following general requirements:

Existence of contracts with grantor agencies for all assistance received.

Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

- a. Accurate, current, and complete disclosure of the financial results of each government-sponsored project or program.
- b. Records that adequately identify the source and application of funds for government-sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, and income.
- c. Effective control over and accountability for all funds, property, and other assets.
- d. Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation.

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
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RESULTS AND COMMENTS
(Continued)

- f. Compliance with annual reporting requirements of the Secretary of State and the Indiana State Board of Accounts.
- g. Compliance with rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies.
- h. Adequate fidelity bonding and insurance coverage if required by the funding agency.

The above are not intended to represent the only applicable regulations since the entity may be regulated by certain state statutes, its own bylaws, and provisions within the agreements, all of which may require testing. (Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources)

We requested that O'Donnell reimburse the CASA for non-business expenditures in the amount of \$38,206.17. (See Summary of Charges, page 12)

OVERPAYMENT OF COMPENSATION

O'Donnell received overpayments of compensation totaling \$23,701.62 during the period of October 1, 2020 to March 31, 2021. In addition, the CASA paid Social Security and Medicare taxes on this compensation on her behalf in the amount of \$1,813.18. Total overpayment of compensation was \$25,514.80.

The CASA Board amended O'Donnell's Memorandum of Understanding and Employment Agreement effective October 1, 2020, as follows:

"CASA agrees to an hourly rate of \$21.90 per hour for up to 40 hours per week. Executive Director will submit documentation of hours to CASA president promptly at the end of each month. No benefits or insurance provided."

The CASA changed O'Donnell to an hourly position because O'Donnell started working for another agency but wanted to work part-time on a grant that the CASA received.

The CASA's September 14, 2020 board minutes noted the approval of this amendment. No documentation was presented to the CASA by O'Donnell for hours worked. In addition, the CASA utilized an accounting firm to process its payroll. The accounting firm was not notified of the change in O'Donnell's compensation causing her to receive her original salary during this period.

The Accounting Policies and Procedures for the CASA of Dearborn County states in part:

"PAYROLL PROCESSING

1. Any changes to the standing information of payroll processing register from the prior period including addition of new employees, deletion of employees, or changes in the base pay rate must be documented before the changes can be made.
2. Any changes should be submitted to the Accounting Firm in a timely manner."

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
RESULTS AND COMMENTS
(Continued)

Indiana Code 23-17-27-1(b) states: "A corporation shall maintain appropriate accounting records."

Entities receiving financial assistance from state or local governments are subject to the following general requirements:

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Retention of financial records, supporting documents, statistical records and all other records pertinent to the agreements for a period of at least three years.

Maintaining a financial management system that provides:

- a. Accurate, current, and complete disclosure of the financial results of each government sponsored project or program.
- b. Records that adequately identify the source and application of funds for government sponsored activities. Records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, and income.
- c. Effective control over and accountability for all funds, property, and other assets.
- d. Procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the grant or other agreement.
- e. Accounting records that are supported by source documentation.
- f. Compliance with annual reporting requirements of the Secretary of State and the Indiana State Board of Accounts.
- g. Compliance with rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies.
- h. Adequate fidelity bonding and insurance coverage if required by the funding agency.

The above are not intended to represent the only applicable regulations since the entity may be regulated by certain state statutes, its own bylaws, and provisions within the agreements, all of which may require testing. (Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources)

We requested that O'Donnell reimburse the CASA for the overpayment of compensation in the amount of \$25,514.80. (See Summary of Charges, page 12)

SPECIAL INVESTIGATION COSTS

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

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
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RESULTS AND COMMENTS
(Continued)

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 . . ."

We requested that O'Donnell reimburse the State of Indiana \$34,677 for special investigation costs. (See Summary of Charges, page 12)

INTERNAL CONTROLS

The CASA Finance Committee (Committee) did not implement sufficient internal controls over the expenditures from CASA funds allowing non-business expenditures and compensation to be paid with public funds. The written comments demonstrate a lack of segregation of duties and management override of internal controls.

Segregation of Duties:

- The Committee's minutes reviewed did not show approvals for expenditures, compensation, and financial reports.
- The Committee allowed non-business expenditures to be made without proper supporting documentation, oversight, and approval.
- The Committee did not notify the accounting firm of the change in O'Donnell's status to an hourly employee.
- The Committee did not ensure proper bank reconciliations were performed monthly, and accounting records were posted properly.
- The President of the Committee did not ensure O'Donnell submitted documentation of hours worked monthly, as required by the Memorandum of Understanding and Employment Agreement effective October 1, 2020.

Management Override of Controls:

- O'Donnell submitted claims not supported by a properly itemized invoice, receipt, or CASA purchase record.
- O'Donnell submitted some CASA purchase records for expenditures which were incomplete, did not state the business purpose of the expenditures, and did not have the initials of the Treasurer.
- O'Donnell withdrew public funds from the CASA bank account via a third-party vendor to her third-party vendor account without any supporting documentation, approval, or oversight.
- O'Donnell did not provide hourly time sheets for the compensation she received between October 1, 2020 and March 31, 2021.

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
RESULTS AND COMMENTS
(Continued)

- O'Donnell purchased items from vendors that had no business purpose and were shipped to her personal residence.
- As the Executive Director, O'Donnell was considered a part of the CASA's management responsible for overseeing compliance with the CASA policies and procedures.

The Accounting Policies and Procedures for the CASA of Dearborn County states in part:

"EXECUTIVE BOARD

1. Responsible for the fiscal oversight of the organization. . . .
8. Reviews and approves all expenditures over \$500. . . .
10. Reviews monthly expenditures.

CASA TREASURER/ FINANCE COMMITTEE

4. Approves all ACH transactions initiated on the organization's bank account.
5. Oversees adherence to all internal controls.
6. Reviews all program expenditures. . . .
10. Reviews and approves monthly expenditures presented to Executive Board at monthly meetings.

EXECUTIVE DIRECTOR

2. Processes all ACH banking transactions. . . .
4. Processes invoices, ensuring proper documentation to support payment, and prepares check for signature. . . .
7. Reviews banking transactions weekly to review for any irregularities.
8. Assists Accounting Firm in reviewing and completing monthly bank reconciliations. . . .
10. Reviews monthly expenses for accuracy and investigates any unexpected variances. . . .
12. Reviews, revises, and maintains internal accounting controls and procedures. . . .
15. Responsible for data entry into accounting system and integrity of accounting system data. . . .
17. Verify accurate monthly payroll information and submit any necessary documentation in a timely manner to Accounting Firm.

BANK ACCOUNT RECONCILIATIONS

1. The Executive Director reviews the statements on a designated day each week for unusual balances and/or transactions

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
 COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
 RESULTS AND COMMENTS
 (Continued)

2. The Executive Director gives statements to the Accounting Firm for timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the bank statement, a comparison of inter-account transfers (if applicable), an investigation of any rejected item, a comparison of cleared checks with accounting record including amount, payee, and sequential check numbers
3. The Executive Director and Finance Committee will verify that voided checks, if returned, are appropriately defaced and filed
4. The Executive Director will investigate any checks that are outstanding over six months
5. The Executive Director will attach the completed bank reconciliation to the applicable bank statement along with a monthly income statement and itemized report to the Finance Committee

FINANCIAL REPORTS

The Executive Director will prepare monthly and year-end financial reports for distribution to the Finance Committee and Executive Board for review at each month's meeting. The budgeted income vs. expense account, monthly bank statement, and itemized expenditure report will be submitted to the Finance Committee prior to the monthly meeting. The Executive Board will review and approve the reports."

The Indiana State Board of Accounts "Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources," Section H, states in part the following:

"Entities receiving financial assistance from state or local governments are subject to the following general requirements: . . .

Maintaining a financial management system that provides: . . .

- c. Effective control over and accountability for all funds, property and other assets. . . ."

INVESTIGATION BY LAW ENFORCEMENT

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

INSURANCE INFORMATION

The following is information regarding insurance obtained by the CASA:

Period	Amount
08-17-18 to 05-31-19	\$ 1,000,000
05-31-19 to 05-31-20	1,000,000
05-31-20 to 05-31-21	-
04-14-21 to 04-14-22	1,000,000

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
EXIT CONFERENCE

The contents of this report were discussed on April 24, 2023, with Amy Rose, Coalition Coordinator; Kelley McDaniel, Secretary of the Board; and Stacey Perleberg, Treasurer.

DEARBORN COUNTY CITIZENS AGAINST SUBSTANCE ABUSE, A.K.A.
COMMUNITY ADVOCATING FOR SUBSTANCE ABUSE AWARENESS
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Bevin O'Donnell, former Executive Director:			
Non-Business Expenditures From CASA's Checking Account, pages 3 through 6	\$ 38,206.17	\$ -	\$ 38,206.17
Overpayment of Compensation, pages 6 and 7	25,514.80	-	25,514.80
Special Investigation Costs, pages 7 and 8	<u>34,677.00</u>	<u>-</u>	<u>34,677.00</u>
 Totals	 <u>\$ 98,397.97</u>	 <u>\$ -</u>	 <u>\$ 98,397.97</u>

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

AFFIDAVIT

STATE OF INDIANA)
Jefferson)
) COUNTY)

I, Christopher G. Sedam, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Dearborn County Citizens Against Substance Abuse, Dearborn County, Indiana, for the period from September 1, 2018 to March 31, 2021, is true and correct to the best of my knowledge and belief.

Christopher G. Sedam
Field Examiner

Subscribed and sworn to before me this 30th day of May, 2023

Ala D
Notary Public

My Commission Expires: Sept 20th 2025
County of Residence: Ripley