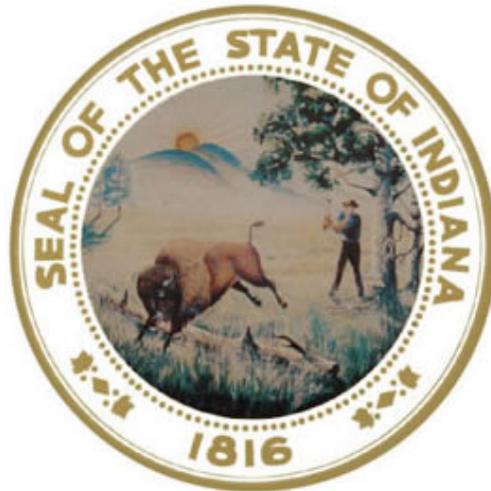


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SPECIAL INVESTIGATION REPORT
OF
COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
DECATUR COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
02/13/2014

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Bridgett C. Weber Tami Wenning	01-01-09 to 12-31-11 01-01-12 to 12-31-16
President of the County Council	Ernest Gauck	01-01-11 to 12-31-13
President of the Board of County Commissioners	John Richards Rick Nobbe	01-01-11 to 12-31-11 01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF DECATUR COUNTY

We conducted a special investigation of the financial records of the County Auditor for the period January 1, 2011 to December 31, 2011. The results of our special investigation are reported in the Special Investigation Results and Comments.

STATE BOARD OF ACCOUNTS

October 3, 2013

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
DECATUR COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

COUNTY AUDITOR - ADDITIONAL COMPENSATION PROHIBITED

A salary ordinance fixing the compensation of the Auditor for the year 2011 was approved by the County Council on September 21, 2010, at the bi-weekly rate of \$1,238.73. In September of the year 2011, Bridgett C. Weber, former Auditor, began paying herself additional compensation from the Plat Book Maintenance Fund. Bridgett C. Weber, former Auditor, was paid a bi-weekly rate of \$3,363.73 for eight pay periods in the year 2011 resulting in Bridgett C. Weber, former Auditor, being paid \$17,000 in excess of the amount approved in the salary ordinance based on gross pay. The net pay (excluding payroll withholdings) for the additional compensation paid was \$12,045.81.

Indiana Code 36-2-5-13(a) states in part: ". . . the compensation of an elected county officer may not be changed in the year for which it is fixed."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Bridgett C. Weber, former Auditor's approval of additional compensation for herself was a management override of internal controls. (See Result and Comment titled "Management Override of Internal Controls")

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 County Auditors of Indiana, Chapter 14)

On October 3, 2013, Bridgett C. Weber, former Auditor, was requested to refund \$12,045.81 to Decatur County. Subsequent to our request, Bridget C. Weber, former Auditor, executed an installment promissory note with the Indiana Attorney General's Office for repayment. (See Summary of Charges, page 12)

EXCESS PAYROLL WITHHOLDINGS AND EMPLOYER CONTRIBUTIONS

During the year 2011, the County paid out excess employee payroll withholdings and additional employer payroll contributions totaling \$7,402.19 on behalf of Bridgett C. Weber, former Auditor, as shown in the following schedule:

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
 DECATUR COUNTY
 SPECIAL INVESTIGATION RESULTS AND COMMENTS
 (Continued)

	Employee Withholdings	Employer Contributions	Totals
Federal Income Taxes	\$ 2,679.56	\$ -	\$ 2,679.56
State Income Taxes	578.00	-	578.00
County Income Taxes	226.08	-	226.08
Social Security Taxes	714.00	1,054.00	1,768.00
Medicare Taxes	246.55	246.50	493.05
Retirement	510.00	1,147.50	1,657.50
	<u>\$ 4,954.19</u>	<u>\$ 2,448.00</u>	<u>\$ 7,402.19</u>
Totals	<u>\$ 4,954.19</u>	<u>\$ 2,448.00</u>	<u>\$ 7,402.19</u>

The additional amounts paid were the result of Bridgett C. Weber, former Auditor, approving additional compensation that she was prohibited by statute from being paid that resulted in a financial loss to the County. (See Result and Comment titled "County Auditor - Additional Compensation Prohibited")

Indiana Code 36-2-5-13(a) states in part: ". . . the compensation of an elected county officer may not be changed in the year for which it is fixed."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

Bridgett C. Weber, former Auditor's approval of additional compensation for herself was a management override of internal controls. (See Result and Comment titled "Management Override of Internal Controls")

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 County Auditors of Indiana, Chapter 14)

Decatur County would not be able to obtain a refund of employee payroll withholdings and employer payroll contributions unless Bridgett C. Weber, former Auditor, refunds the additional compensation paid to her.

We advised Bridgett C. Weber, former Auditor, that she may be held liable for the employee withholdings and employer contributions totaling \$7,402.19 paid by the County on her behalf.

Current County officials were instructed to obtain a refund of the excess federal and state taxes totaling \$7,402.19 if Bridgett C. Weber, former Auditor, refunds the additional compensation she was paid. Subsequent to our request, Bridgett C. Weber, former Auditor, executed an installment promissory note with the Indiana Attorney General Office for repayment of the additional compensation.

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
DECATUR COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

DEPUTY COUNTY AUDITORS - COMPENSATION NOT AUTHORIZED BY COUNTY COUNCIL

A salary ordinance fixing the compensation of employees of the Auditor's office for the year 2011, was approved by the County Council on September 21, 2010. In September of the year 2011, Bridgett C. Weber, former Auditor, approved additional compensation to be paid from the Plat Book Maintenance Fund to five Deputy Auditors totaling \$20,500. Bridgett C. Weber, former Auditor, did not submit the additional compensation request to the County Council for approval and amendment to the salary ordinance.

Bridgett C. Weber's approval of additional compensation for the five Deputy Auditors was a management override of internal controls. (See Result and Comment titled "Management Override of Internal Controls")

Indiana Code 36-2-5-3(a) states in part: "The county fiscal body shall fix the compensation of officers, deputies, and other employees whose compensation is payable from the county general fund . . . or any other fund from which the county auditor issues warrants for compensation."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

The County Council amended the salary ordinance, retroactively, on September 10, 2013, to include the additional compensation paid to the five Deputy Auditors.

MANAGEMENT OVERRIDE OF INTERNAL CONTROLS

The salary ordinance is not only a statutory requirement, but also represents a management control over payroll disbursements. Bridgett C. Weber, former Auditor, as fiscal officer of the County, is a part of management responsible for overseeing that management controls are complied with regarding the disbursement of funds. The Auditor's approval of additional compensation for herself and her five Deputy Auditors without submitting a salary change request to the Board of County Commissioners and the County Council represents an override of management controls. (See previous Results and Comments)

An override of management controls does not allow for the prevention, detection, and correction of errors or irregularities on a timely basis.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
 DECATUR COUNTY
 SPECIAL INVESTIGATION RESULTS AND COMMENTS
 (Continued)

COMPENSATION REQUESTS NOT SUBMITTED TO THE COUNTY COUNCIL

Compensation paid during the year 2011 exceeded salaries and wages approved in the salary ordinance for employees in offices, other than the Auditor's office, in the amount of \$54,456.65 as shown in the following schedule:

Position	Excess Paid	Notes
Deputy Prosecuting Attorney	\$ 5,178.43	(1)
Administrator - Prosecuting Attorney Office	11,914.14	(1)
Probation Officer	13,010.14	(2)
Probation Officer	<u>24,353.94</u>	(2)
 Total	 <u>\$ 54,456.65</u>	

Notes to Schedule:

- (1) The excess compensation was paid from the Marijuana Eradication Program Fund and the Deferral Program Fund.
- (2) The excess compensation was paid from the Probation Administrative Fund.

The additional amounts paid for the above positions were reported by the individual office holders on a "Statement of Salaries and Wages Proposed to be Paid Officers and Employees" (Form 144) to be paid from various funds other than the General Fund. The individual office holders submitted Form 144 at budget time, as required by Indiana Code 36-2-5-4, or submitted the Form 144 when they proposed a change to the approved salary ordinance, as required by Indiana Code 36-2-5-13.

The Form 144 submitted by the individual office holders reported the portion of salaries that were to be paid from the General Fund and the portion of salaries that were proposed to be paid from the various other funds.

Bridgett C. Weber, former Auditor, did not submit the individual Form 144 (Forms) to the Board of County Commissioners, as required by Indiana Code 36-2-5-4, and the Forms were also not submitted to the County Council, as required by Indiana Code 35-2-5-4. In lieu of submitting the Forms, the Auditor's office would use the Forms to enter the salaries proposed to be paid from the General Fund on a spreadsheet. However, the salaries proposed to be paid from the other funds were not recorded on the spreadsheet. Because the spreadsheet was used by the Auditor's office as the basis for preparing the salary ordinance, the salaries payable from the other funds were not included on the salary ordinance.

Indiana Code 36-2-5-4 states in part:

"(a) Before July 2 of each year, each officer, board, commission, and agency subject to this chapter shall file with the county auditor a statement that shows in detail the positions for which compensation will be requested in the annual budget for the next year and the amount or rate of compensation proposed for each full-time or part-time position. The statement must be on a form prescribed by the state board of accounts.

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
DECATUR COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

(b) The county auditor shall present the statements submitted under subsection (a) to the county executive at its July meeting. The county executive shall review the statements and make its recommendations on them. Before August 20 the county executive shall present the statements and recommendations to the county fiscal body."

Indiana Code 36-2-5-13 states in part:

". . . The compensation of . . . deputies, and employees . . . may be changed at any time on:

- (1) the application of the county fiscal body or the affected officer, department, commission, or agency; and
- (2) a majority vote of the county fiscal body."

Indiana Code 36-2-5-3(a) states in part: "The county fiscal body shall fix the compensation of officers, deputies, and other employees whose compensation is payable from the county general fund . . . or any other fund from which the county auditor issues warrants for compensation. . . ."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 18)

The County Council stated they plan to retroactively, amend the salary ordinance to include the additional compensation paid to the above positions.

SPECIAL INVESTIGATION COSTS

Additional costs were incurred to investigate unauthorized compensation paid to Bridgett C. Weber, former Auditor. The additional special investigation costs totaled \$2,221.15.

Audit costs incurred because of 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 County Auditors of Indiana, Chapter 14)

On October 3, 2013, Bridgett C. Weber, former Auditor, was requested to refund \$2,221.15 to the State of Indiana. Subsequent to our request, Bridget C. Weber, former Auditor, executed an installment promissory note with the Indiana Attorney General's Office for repayment. (See Summary of Charges, page 12)

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
DECATUR COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

OFFICIAL'S BOND

The County has obtained the following bond covering the County Auditor:

Surety:	The Ohio Casualty Insurance Group
Bond Number:	5092730
Type of Coverage:	Faithful Performance
Period of Coverage:	01-01-11 to 01-01-12
Amount:	\$30,000

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
DECATUR COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 3, 2013, with Bridgett C. Weber, former Auditor. The Official Response has been made a part of this report and may be found on page 11.

The contents of this report were discussed on October 3, 2013, with Ernest Gauck, President of the County Council; Rick Nobbe, President of the Board of County Commissioners; and Tami Wenning, Auditor. The officials concurred with our examination findings.

**BRIDGETT WEBER
506 S MICHIGAN AVE
GREENSBURG, IN 47240
bweber1209@gmail.com**

October 13, 2013

State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765

Re: **OFFICIAL REPOSE**

A meeting with State Board of Accounts Field Examiners Ron Robertson, Sara Wert and I was held on October 3, 2013 at 9:00am at Greensburg City Hall. A supplemental audit for the Decatur County Auditor was performed for audit year 2011.

During budget negotiations in August 2011, a request was made to County Council to supplement salary for auditor and staff from incentive (non-taxpayer) funds. The President of County Council verbally indicated that if such funds were available it would be acceptable. The Auditor's Office collects funds for property transfer documents and deposits them into the Plat Book Maintenance Fund. I indicated in an email to a deputy auditor letting them know that such funds were available from Plat Book Maintenance Funds but that it would be a one-time incentive as the fund is not viable to supplement salaries on a regular basis as some others are. Elected officials other than the Auditor have supplemented salaries from incentive funds in a manner that overrides the budget process.

Due to the verbal conversations with County Council I only researched the Plat Book Maintenance Fund and its uses. I was unaware of the Indiana Code that stated "the compensation of an elected county officer may not be changed in the year for which it is fixed" until the exit conference on October 3rd.

Results and Comments from the Supplemental Audit of 2011 also indicated that Form 144 should be submitted for each department for County Council approval. It was recommended in an audit result in 2009 from a State Board Field Examiner to use a Salary Ordinance format as to consolidate multiple forms. The spreadsheet that was developed derived from Form 1 requests that also indicated salaries for the proposed budget not only for the general fund but any fund where Form 1's were submitted.

The County Council amended the salary ordinance on September 10, 2013 to include the additional compensation paid to the five Deputy Auditors. While I am pleased with this decision, I question why none of the compensation paid to me is being amended in said salary ordinance. I was a Deputy Auditor of the Auditor's Office for ten years prior to my seven years elected County Auditor. Separate documentation was submitted describing how the payments were determined from the Plat Book Maintenance Fund. The initial payroll voucher stated "amounts were determined by years of service and contributions to the fund" "auditor based on years of service only". I am requesting a review of the compensation for the ten years that I served as a Deputy Auditor just as the five Deputy Auditors' compensation was reviewed.

Thank you for your consideration in this matter.

Bridgett C. Weber

COUNTY AUDITOR - UNAUTHORIZED COMPENSATION
 DECATUR COUNTY
 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Bridgett C. Weber, former Auditor:			
County Auditor - Additional Compensation			
Prohibited, page 4	\$ 12,045.81	\$	\$
Special Investigation Costs, page 8	2,221.15		
Installment Promissory Note With			
Office of the Indiana Attorney General		14,266.96	-
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 14,266.96</u>	<u>\$ 14,266.96</u>	<u>\$ -</u>

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