



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF RISINGSUN
WOOD COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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Village of Risingsun
Wood County
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To Mayor Rick Whetsel, Fiscal Officer Gena Rathburn, Village Solicitor Corey Speweik, and Village Council:

Background

The Auditor of State, Special Investigations Unit (SIU) conducted a criminal investigation and special audit of the Village of Risingsun (the Village) predicated on a complaint of suspected theft by the former fiscal officer.

The investigation began on September 26, 2019, after SIU received a complaint through the fraud hotline indicating the former fiscal officer, Robin Hindall, had withdrawn cash from the Village's bank account, but the only support was a hand-written document with implausible explanations. This document, written by Ms. Hindall and left at the Village, noted a withdrawal of \$13,000 in funds placed into a separate bank account for a sidewalk grant, which was never awarded to the Village and a total of \$20,966.00 was "on hold".

After the information obtained from interviews and preliminary examination of bank and Uniform Accounting Network (UAN) system records were considered, a special audit was declared by the Auditor of State.

This engagement was conducted in accordance with the [Auditor of State Special Investigations Unit, Quality Standards](#).

Suspect

Ms. Hindall was hired on November 1, 2017, and resigned on June 25, 2019, as the fiscal officer for the Village. Ms. Hindall was a Pastor at a church in the Village of Risingsun prior to and throughout her appointment as fiscal officer for the Village.

Schemes

Ms. Hindall perpetrated four schemes for her benefit from November 1, 2017 through June 30, 2019 (the Period).

Payroll

Ms. Hindall calculated her own payroll and tracked her paid time off with the Village. Timesheets were to include a supervisory signature, but only seven of Ms. Hindall's timesheets included a supervisor's signature. Gross wages, vacation, and compensatory time were all paid in excess of the time Ms. Hindall earned. Ms. Hindall illegally expended \$718 of public monies for her various payroll discrepancies.

Cash Withdrawals

During the Period, Ms. Hindall withdrew cash from the Village's bank account and received cash back from deposits into the bank account on ten occasions totaling \$21,087. Bank statements and monthly reconciliations were only reviewed by Ms. Hindall at the Village.

Park Rental Receipts

Ms. Hindall was responsible for the rental process, which included scheduling the rentals at the shelter house, providing the key, and collecting and depositing customer payments. There was no oversight or separation of duties for this process, which allowed Ms. Hindall to steal three park rental receipts, totaling \$400 during the Period.

Donations

Ms. Hindall was responsible for collecting donations and alerting Council, and then entering the receipts into the UAN system and preparing and making the subsequent bank deposits. During the Period, two donations totaling \$2,500 were receipted into UAN; however, the subsequent bank deposits were never made.

Findings

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation that Ms. Hindall misappropriated cash, rental receipts and donations, and illegally expended public monies during the Period.

We issued \$42,293 in findings for recovery for misappropriated cash, which included audit costs, and \$718 for public monies illegally expended during the Period.

The full details of the findings for recovery are located in the Appendix.

Prosecution

At the conclusion of the special audit and investigation, a prosecution packet was presented to the Wood County Prosecutor.

On March 17, 2022, Ms. Hindall was indicted by the Wood County grand jury on two counts, including one count of Theft in Office and one count of Tampering with Records.

On July 5, 2022, Ms. Hindall entered a negotiated plea of one count of Theft in Office, in violation of Ohio Rev. Code §§ 2921.41(A)(2) and 2921.41(B)), a felony of the third degree.

On August 30, 2022, Honorable Judge Matthew L. Reger sentenced Ms. Hindall to five years of community control and ordered her to pay restitution in the amount of \$39,272.50, which included \$18,306.50 in audit costs.

On February 16, 2023, we held an exit conference with the following individuals representing the Village:

Mayor Rick Whetsel

Fiscal Officer Gena Rathburn

The attendees were informed they had five business days to respond to this special audit report. A response was not received by the Village.



Keith Faber
Auditor of State
Columbus, Ohio

January 27, 2023



APPENDIX
SCHEDULE OF FINDINGS FOR RECOVERY

APPENDIX

FINDINGS FOR RECOVERY – Partially repaid under audit

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected. When designing the Village's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

Proper segregation of duties is not possible when only one or two people handle all four aspects of the internal control cycle (record keeping, authorization, custody and reconciliation). During the Period, Robin Hindall, Fiscal Officer, was solely responsible for every aspect of the finance function at the Village, including collecting receipts, posting receipts, preparing and making deposits, payroll input and process, leave tracking, issuance of checks, and bank to book reconciliations, with little to no oversight.

Payroll

No formal policies existed at the Village regarding payroll processes, including leave accrual/usage/tracking. However, it was expected that Ms. Hindall would prepare her timesheet weekly and either the Mayor or a member of council would sign-off as the method of supervising. Employees were paid based on Council approval. Ms. Hindall was responsible for following through with any changes to pay rates. Checks were issued for payroll and required two signatures, typically the Mayor and Ms. Hindall. Additionally, it was verbally agreed-upon that Ms. Hindall would accrue two-weeks of vacation leave after one year of service.

During the Period, we identified the following discrepancies when examining Ms. Hindall's payroll:

- 79 of 86 timesheets lacked a supervisory signature on the timesheet.
- 45.5 hours of vacation leave utilized in excess of 80 hours of eligible leave, totaling \$569.
- Six hours of compensatory time utilized in excess of compensatory time earned, totaling \$66.
- Gross wages paid in excess of timesheet hours worked, totaling \$83.

Cash Withdrawals

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the government entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Cash withdrawals are especially susceptible to fraud, and as such, there should be specific controls in place to mitigate the risks if cash withdrawals are deemed necessary. Controls should include, but not be limited to documented approval of the purpose of the withdrawal and maintaining support for the expenditures/use of the cash, which is then reviewed by Council. Council should also review the bank statements monthly for unusual transactions, including cash withdrawals and ensure all activity is properly supported and for a proper public purpose. The Fiscal Officer, Mayor, and Council President were all signatories on the Village bank accounts and had access to review bank statements.

For the Period, we identified 23 cash withdrawals made by Ms. Hindall. Of the 23, 10 were not recorded in UAN and did not have any support maintained to ensure the cash was expended for a proper public purpose. The Village had no controls in place or any review of cash withdrawals to prevent or deter these transactions from occurring.

APPENDIX

The following cash withdrawals from the Village's bank accounts were not properly supported:

Date	Amount	Bank Account	Type
4/4/2018	\$10	Court Checking Account	Cash Withdrawal
4/11/2018	\$56	Main Checking Account	Cash Withdrawal
5/3/2018	\$1,526	Main Checking Account	Cash Withdrawal
7/2/2018	\$3,970	Main Checking Account	Cash Withdrawal
7/18/2018	\$15	Court Checking Account	Cashback
7/25/2018	\$2,470	Main Checking Account	Cash Withdrawal
8/10/2018	\$13,000	Main Checking Account	Cash Withdrawal
2/6/2019	\$5	Court Checking Account	Cashback
4/10/2019	\$10	Court Checking Account	Cashback
5/15/2019	\$25	Court Checking Account	Cashback
Total	\$21,087		

Park Rental Receipts

The Village has a park building available for rental and customers can call or come into the Village office to initiate the rental of the park building. Ms. Hindall was responsible for the rental process. The customer must first complete the rental form and provide a refundable deposit of \$50 at the time of scheduling, with the remaining amount due before the rental date. After a signed rental contract was received, she would place the customer's name on the rental calendar to ensure double-booking does not occur. Rental money could be paid at the Village by cash, check, money order, or credit card. The rental fee was required to be paid in full prior to receiving a key to the building, which Ms. Hindall was responsible for verification and providing the key. Ms. Hindall would prepare and make the deposits for the refundable security deposit and the rental fee at the bank.

Of the 141 park rental receipts totaling \$12,780 tested, three totaling \$400 did not have a corresponding bank deposit.

Donations

The Village occasionally receives donations for various purposes. Ms. Hindall was responsible for collecting donations and alerting Council of receipt, entering the receipts into the UAN system, and preparing and making the subsequent bank deposits. Due to a lack of segregation of duties, the Village had no controls in place to review variances between the Village bank accounts and the UAN system.

We identified two receipts totaling \$2,500 entered into the UAN system as donations; however, we were unable to locate a corresponding bank deposit in the Village bank account. We were unable to determine the purposes for the donations as it related to the Village.

Findings for Recovery Conclusion

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

The Village Mayor, Rick Whetsel, was responsible for oversight of Ms. Hindall's timesheets and payroll during the Period. Reviews should have been documented by the Mayor's signature on the timesheet and check, or an authorized second signatory on the check.

APPENDIX

On August 30, 2022, Robin Hindall was ordered to pay \$27,526.00 in restitution to the Village and \$11,746.50 in restitution to the Auditor of State in Wood County Court of Common Pleas, Case No. 2022CR0123.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies converted or misappropriated is hereby issued against Robin Hindall and her bonding company, Western Surety Company, jointly and severally, in the amount of \$42,293, and in favor of the Village's General Fund for \$30,147, the Parks and Recreation Fund for \$400, and \$11,746 in favor of the Auditor of State. Additionally, a finding for recovery for public monies illegally expended is hereby issued against Robin Hindall and Rick Whetsel and their bonding company, Western Surety Company, jointly and severally, in the amount of \$718 and in favor of the Village's General Fund.

As of February 6, 2023, Ms. Hindall has repaid the following to the Village:

Check Date	Amount Paid
10/27/2022	\$130.00
11/22/2022	\$100.00
12/30/2022	\$100.00
1/31/2023	\$100.00
Total	\$430.00

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RISINGSUN SPECIAL AUDIT

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/21/2023

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Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov