



Dave Yost • Auditor of State

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INDEPENDENT AUDITORS' REPORT

Doug Price, Chairperson
Troy Township Trustees
P.O. Box 751
Delaware, Ohio 43015

We conducted a special audit of Troy Township (Township), Delaware County, by performing the procedures described in the attached Supplement to the Special Audit Report for the period January 1, 2012 through November 9, 2013 (the Period), solely to:

- Determine whether disbursements made to former Township fiscal officer Pamela Starling during the Period were supported and made for purposes related to the operations of the Township. We also examined compensation paid to Mrs. Starling to determine whether she was compensated in accordance with authorized amounts.
- Determine whether certain disbursements made during the Period were supported and made for purposes related to the operations of the Township.

This engagement was conducted in accordance with the Quality Standards for Inspection and Evaluation established by the Council of the Inspectors General on Integrity and Efficiency (January 2012). The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We examined disbursements to Pamela Starling, including compensation paid.

Significant Results - During the Period, Mrs. Starling received authorized compensation totaling \$31,124 in 22 payments totaling \$25,550 after withholdings. Mrs. Starling also received reimbursements totaling \$934 that were supported and for purposes related to the operations of the Township. Mrs. Starling received seven checks totaling \$46,217 that were not authorized or properly supported.

In November 2013, prior to initiation of the special audit, Mrs. Starling repaid \$35,141 to the Township. In January 2014, Mrs. Starling repaid \$11,076 to the Township after the special audit was initiated. Accordingly, we considered this repayment a finding for recovery repaid under audit.

We issued a management recommendation regarding monitoring the Township's bank account statements and canceled checks.

2. We examined disbursements to Mrs. Starling's husband.

Significant Results - During the Period, Larry Starling served as Township cemetery sexton and alternate member of the Township's Board of Zoning Appeals. Mr. Starling also performed maintenance work for the Township. Mr. Starling received 40 disbursements totaling \$7,783 during the Period. The disbursements were authorized and supported by documentation.

On March 31, 2014, we held an exit conference with the following individuals representing the Township:

Doug Price, Trustee
Earl Lehner, Trustee
Loren Pool, Trustee

The attendees were informed that the Township had the opportunity to respond to this special audit report. A response was received from current fiscal officer Alicia Pool and changes were made to this report as we deemed necessary.

It is the policy of the Auditor of State that auditors maintain independence in fact and appearance. The Auditor of State, Dave Yost, is not independent from Troy Township. Therefore, under the authority of Ohio Rev. Code Section 117.06, the Auditor of State has directed the Chief Deputy Auditor, Robert R. Hinkle, to sign this report on behalf of the Auditor of State's Office.



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

February 12, 2014

Supplement to the Special Audit Report

Background

In November 2013, Auditor of State's Legal Division was contacted regarding an alleged theft by the former fiscal officer of Troy Township, Delaware County. On November 9, 2013, the fiscal officer, Pamela Starling, approached Doug Price, chairman of Troy Township trustees informing him that she had misused Township funds to cover her gambling losses. Mrs. Starling had issued unauthorized Township checks to herself totaling \$35,141 and repaid the amount by writing personal checks to the Township. Mrs. Starling returned her computer, keys and blank Township checks to Mr. Price and resigned her position. Mr. Price notified the Delaware County Prosecutor and Sheriff.

The information was considered by the Auditor of State's Special Audit Task Force and on November 25, 2013, the Auditor of State initiated a special audit of Troy Township.

In January 2014, Mrs. Starling admitted to the Auditor of State's Special Investigations Unit that she misused additional Township funds totaling \$11,076 and signed the names of the Township trustees on the checks. Mrs. Starling repaid the additional amount to the Township.

Supplement to the Special Audit Report

Objective No. 1 – Examination of Disbursements to Pamela Starling

Procedures

We examined available documentation for non-payroll disbursements to Mrs. Starling to determine whether the disbursements were supported and were for purposes related to the operations of the Township.

We compared actual compensation paid to Mrs. Starling during the Period to authorized amounts.

Results

During the Period, 12 non-payroll checks totaling \$47,152 were issued to Mrs. Starling. Of the 12 checks, five checks totaling \$934 were supported and for purposes related to the operations of the Township. The five checks were miscellaneous reimbursements to Mrs. Starling for parking, mileage, office supplies and health care premiums.

The remaining seven checks totaling \$46,217 were not properly supported or authorized by the Township trustees. The first of these checks issued to Mrs. Starling in the amount of \$1,175 was supported by miscellaneous invoices that had the dates concealed or removed and did not equal the amount of the check. The other six checks were supported only by check stubs.

As the elected fiscal officer for a township with a budget of \$750,000 to \$1,500,000, Mrs. Starling was authorized by Ohio Revised Code Section 507.09 to receive compensation of \$16,977 per year. Mrs. Starling was authorized to receive gross wages of \$16,977 for 2012 and \$14,147 for ten months of 2013. The annual salary was paid in equal monthly payments of \$1,414.75 per month. During the Period, Mrs. Starling received gross wages totaling \$31,124 paid by 22 checks totaling \$25,550 after tax withholdings. The payments were authorized and for the purposes of the Township.

Finding for Recovery Repaid Under Audit

As Township fiscal officer, Mrs. Starling was responsible for preparing checks and maintaining support for disbursements. During the Period, seven non-payroll checks totaling \$46,217 were written to Mrs. Starling. The checks were not properly supported and Township trustees stated the disbursements were not authorized or for purposes related to the operation of the Township. The names of the Township trustees were signed on the seven checks; however, the trustees stated that it was not their signatures. Mrs. Starling admitted she signed and endorsed the checks.

Prior to the Auditor of State initiating the special audit, Mrs. Starling repaid \$35,141 to the Township. Shortly after the initiation of the special audit, Mrs. Starling repaid an additional \$11,076 to the Township. Accordingly, we considered \$11,076 a finding for recovery repaid under audit.

Management Recommendation

The Township fiscal officer was responsible for all accounting functions, including preparation of checks for disbursements and reconciliation of the bank account. During the Period, the fiscal officer wrote seven unauthorized checks payable to herself. Monthly bank statements containing the canceled checks were mailed to the fiscal officer at her home address.

Supplement to the Special Audit Report

In a small operation, such as the Township, it is not always possible to have enough staff to properly segregate duties; however, failure to monitor the fiscal officer's activities and periodically review canceled checks can result in irregularities not being discovered in a timely manner.

We recommend monthly bank statements be mailed to a Township trustee or someone other than the fiscal officer. The bank statements and canceled checks should be reviewed by a trustee prior to providing them to the fiscal officer for reconciliation.

Supplement to the Special Audit Report

Objective No. 2 – Examination of Other Disbursements

Procedures

We examined available documentation for disbursements to Mrs. Starling's husband to determine whether the disbursements were supported and were for purposes related to the operations of the Township.

We and responsible Township officials scanned disbursements made by the Township during the Period to identify any unusual disbursements or vendors that appeared to be uncommon for use by the Township.

Results

During the Period, Mrs. Starling's husband, Larry Starling was hired by the Township to perform maintenance work at \$14 per hour and was paid \$20 per hour for use of his personal tractor. Mr. Starling received 17 payments totaling \$3,491 after withholdings for the maintenance work and nine payments totaling \$640 for use of his tractor.

Mr. Starling also served as an alternate on the Township's Board of Zoning Appeals and was authorized to receive \$30 per meeting. Mr. Starling received two payments totaling \$60 for attending the Zoning meetings. In January 2013, Mr. Starling was appointed to the position of Township cemetery sexton for which he received \$350 per month. Mr. Starling received ten payments totaling \$3,500 as cemetery sexton.

Mr. Starling also received two reimbursements totaling \$92 for fax line charges and purchase of a rug for the cemetery. Mr. Starling received a total of 40 disbursements totaling \$7,783 during the Period. The payments were supported and for purposes related to the operations of the Township.

Our scan of disbursements made during the Period did not identify any other unusual expenditures that required additional examination or vendors that appeared to be uncommon for use by a Township in its normal course of business. Additionally, Township trustee Doug Price and current fiscal officer Alicia Pool scanned the bank account activity and did not identify any additional transactions other than those to Pamela Starling that warranted further examination.



Dave Yost • Auditor of State

TROY TOWNSHIP

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 22, 2014**