



OHIO AUDITOR OF STATE
KEITH FABER



**LAGRANGE TOWNSHIP
LORAIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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Lorain County
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To the LaGrange Township Trustees and Kathy Poling, Fiscal Officer:

Background

The Auditor of State (AOS), Special Investigations Unit (SIU) conducted a criminal investigation and special audit of LaGrange Township (the Township) predicated on information received alleging the former Fire Chief and former Road Foreman were improperly compensated for work completed.

The investigation began in June 2022, after SIU was contacted by Township officials alleging the Fire Chief, James Rader, recorded hours worked on his timesheet for duties already included in his salary as Fire Chief. The Township was also concerned the former Road Foreman and Fire Medic, Michael Foreman, incorrectly recorded his fire hours as road hours to receive a higher rate of pay.

After the information obtained from interviews and preliminary examination of payroll records was 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](#).

Suspects

James Rader was hired by the Township in 1994. In 2003, he became the Fire Chief. He was terminated from his position as Fire Chief in May 2024.

Michael Foreman was hired by the Township in 2014. He was the Road Foreman, as well as a Fire Medic for the Township's fire department. He resigned from the Road Foreman position in April 2022, and was terminated from the fire department in June 2024.

Scheme

We defined our audit period (Period) as covering January 1, 2017 through December 31, 2022, during which time Chief Rader received a monthly salary and bi-weekly hourly pay for fire calls and EMS runs. The position description for the Fire Chief indicates meetings, trainings, and inspections were included as part of the Fire Chief's duties and responsibilities; and therefore, Chief Rader should not have been paid separately for the time associated with these duties. Additionally, his position was Fair Labor Standards Act (FLSA) exempt; therefore, he was not entitled to overtime pay. He recorded a total of 993.15 hours for these duties as well as the fire calls and EMS runs and overtime on his timesheets, which improperly inflated his pay. Beginning in April 2022, these additional hours were removed from his timesheet and no longer paid. Chief Rader was overpaid \$19,980.64 for meetings, trainings, inspections, and overtime improperly included on his timesheet. We also identified \$3,043.08 in payments not supported by timesheets or other documentation, and therefore, we are unable to determine if the payments were proper.

Mr. Foreman completed a timesheet indicating hours worked in each department, with overtime allowed when time worked exceeded 40 hours in one week. Payments were made based on the hours noted along

with the approved rate for each position. A total of \$1,947.50 in overpayments were not supported by timesheets or other documentation; therefore, we were unable to determine if the payments were proper. We also identified \$2,007.91 not properly paid, related to the incorrect pay rate being used and other errors, including \$1,194.13 in vacation leave improperly paid out after his resignation from the road department.

Findings

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation that James Rader misappropriated \$23,023.72 in Township funds over a span of six years.

We were unable to substantiate the allegation regarding Michael Foreman incorrectly recording his hours for a higher rate of pay; however, we identified illegally expended Township funds totaling \$3,955.41 related to payroll overpayments to Mr. Foreman.

We issued a total of \$26,979.13 in findings for recovery for misappropriated or illegally expended cash 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 Lorain County Prosecutor. The County Prosecutor declined to pursue criminal charges.

On November 25, 2024, we held an exit conference with the following individuals representing the Township:

Rita Canfield, Trustee
Gary Burnett, Trustee
Roger Kuhl, Trustee

The attendees were informed they had five business days to respond to this special audit report. A response was received on December 3, 2024. A response was provided by the Township Trustees and was evaluated in the final preparation of this report.



Keith Faber
Auditor of State
Columbus, Ohio

November 25, 2024



APPENDIX
SCHEDULE OF FINDINGS FOR RECOVERY

APPENDIX

FINDINGS FOR RECOVERY – PARTIALLY REPAYED UNDER AUDIT

Duplicate Pay

Ohio Admin. Code § 117-2-01(D)(1) requires, in part, that entities ensure that all transactions are properly authorized in accordance with management's policies. The Township's **Position Description** for the salaried Fire Chief outlines essential functions of the position to include managing activities and personnel of the fire department, meetings to discuss fire and rescue matters, inspections of businesses, and directing and providing training. Additionally, the Fire Chief position is FLSA exempt and is not entitled to overtime pay.

As a result of inflated timesheets and a lack of detailed review, we identified a total of \$23,023.72 in overpayments to Chief Rader during the Period.

Unsupported Pay and Leave Payout

LaGrange Township's **Personnel Policy and Procedure Manual Chapter Five Section 5.2(H)** indicates an employee is entitled to compensation, at his or her current rate of pay, for the prorated portion of any earned but unused vacation leave for the calendar year to his or her credit at the time of retirement. An employee separating from the Township for any other reason shall not receive a prorated vacation payout. **Section 6.2(A)** indicates the Township shall maintain daily employee attendance records and based on the Township's retention schedule; this is required for a period of three years.

Due to a lack of controls over the payroll process resulting in missing supporting documentation, pay rate errors, and a vacation leave payout after resignation, we identified a total of \$3,955.41 in overpayments to Michael Foreman during the Period.

Findings for Recovery Conclusion

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public property which has been converted or misappropriated is hereby issued against James Rader in the amount of \$23,023.72 in favor of LaGrange Township's Fire Fund, and public monies illegally expended against Michael Foreman in the amount of \$3,955.41, jointly and severally with Roberta Moore, former Fiscal Officer, totaling \$2,763.76, Kathleen Poling, Fiscal Officer, totaling \$1,191.65, and their bonding companies¹, Travelers Casualty Insurance and Ohio Township Association Risk Management Authority (OTARMA), in the amounts of \$928.35 and \$3,027.06, respectively, in favor of LaGrange Township's funds as follows:

<u>Fund</u>	<u>Total</u>
Gasoline Tax	1,706.62
Road & Bridge	1,809.41
Cemetery	439.38
	<hr/>
	\$ 3,955.41

On June 27, 2024, Mr. Rader repaid \$23,023.72 to the Township, which was properly deposited and recorded in the Township's Fire Fund.

¹ The Township utilized Travelers Casualty Insurance for coverage April 1, 2016 through April 1, 2020. After this date, the Township was covered by OTARMA.

OHIO AUDITOR OF STATE KEITH FABER



LAGRANGE TOWNSHIP SPECIAL AUDIT

LORAIN 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 1/23/2025

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