

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BRANDYWINE TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
06/16/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marc Hill	01-01-11 to 12-31-14
	Sandra Matthias	01-01-15 to 12-31-18
Chairman of the Township Board	Trent Henderson	01-01-12 to 07-31-14
	Sandra Matthias	08-01-14 to 12-31-14
	Marc Hill	01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BRANDYWINE TOWNSHIP, HANCOCK COUNTY, INDIANA

This report is supplemental to our examination report of Brandywine Township (Township), for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination 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.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

March 21, 2016

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented or completed for all months of the examination period.

A similar comment appeared in previous reports, most recently Report B42334.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

COMPENSATION AND BENEFITS

Township Board approval of salaries was not presented for the examination period.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay . . .

all officers and employees of the township."

PAYMENTS IN ADVANCE

Salary and rent were paid in lump sum payments during the years 2012 through 2014. In 2015, salary was paid monthly and the rent in one lump sum payment. The following rent and salary payments were made in advance of the receipt of the services.

Years	Description	Payee	Date Paid
2015	Salary	Sandra Matthias	04-22-15
2015	Salary	Sandra Matthias	05-22-15
2015	Salary	Sandra Matthias	06-25-15
2015	Rent	Sandra Matthias	09-18-15
2014	Salary	Marc Hill, Trustee	07-15-14
2014	Rent	Marc Hill, Trustee	07-15-14
2013	Rent	Heather Hill, Deputy	11-07-13
2012	Salary	Marc Hill, Trustee	11-12-12
2012	Salary	Heather Hill, Deputy	11-12-12
2012	Rent	Heather Hill, Deputy	05-10-12

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONTRACTS

Payments totaling \$10,000 were made to Greenfield Fire Territory for EMS Services in 2012. A contract for these services was not presented for examination.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FINANCIAL AND APPROPRIATION RECORD

Financial records presented for examination were incomplete and not reflective of the activity of the Township. Deficiencies included:

1. Transactions not recorded.
2. Receipts posted to incorrect funds.

Indiana Code 36-6-4-5 states:

"The executive shall maintain:

- (1) a general account showing the total of all township receipts and expenditures; and
- (2) the financial and appropriation record of the township, which must include an itemized and accurate account of the township's financial affairs."

Indiana Code 36-6-4-6(a) states:

"For each sum of money received by the executive, the financial and appropriation record must show:

- (1) the date it was received;
- (2) from whom it was received; and
- (3) to what account it was credited.

(b) For each sum of money paid by the executive, the financial and appropriation record must show:

- (1) the date it was paid;

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (2) to whom it was paid;
- (3) from what account it was paid; and
- (4) why it was paid.

(c) The state board of accounts shall prescribe the form of the financial and appropriation record."

OVERDRAWN FUND BALANCES

The financial statements presented in the Financial Statement Examination Report of the Township included the following overdrawn fund balances.

Fund	Years	Amount Overdrawn
Fire Debt	2012	\$ 1,523
Fire Debt	2013	2,271
Fire Debt	2014	12,600
Fire Debt	2015	21,619

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

ANNUAL FINANCIAL REPORT ERRORS

The Annual Financial Reports for 2012, 2013, 2014, and 2015 contained a number of errors and did not properly reflect the financial activity of the Township.

A similar comment appeared in previous reports, most recently Report B42334.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

ANNUAL REPORT PUBLISHING

The Annual Reports for 2012 and 2013 were not timely published. The Annual Reports for 2014 and 2015 were not published.

Indiana Code 36-6-4-13(b) states in part: "Within four (4) weeks after the third Tuesday following the first Monday in February, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1."

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

DEPOSITS

Receipts were not always deposited timely. Delays of up to 228 days were noted.

A similar comment appeared in previous reports, most recently Report B42334.

Indiana Code 5-13-6-1(c) states in part: ". . . public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Township	2012	\$ 15,178
Fire Fighting	2012	1,583
Township	2013	5,707
Fire Fighting	2013	2,410
Parks and Recreation	2013	5,040
Township	2014	2,143
Fire Fighting	2015	1,431
Parks and Recreation	2015	8,250

A similar comment appeared in previous reports, most recently Report B42334.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPORTING DOCUMENTATION

No supporting documentation was presented for the following disbursements:

Date	Amount	Payee
04-19-13	\$ 2,500	Grounds Control Service
12-23-14	5,956	Jack Wesley
12-23-14	5,900	Grounds Control Service
Totals	\$ 14,356	

Due to the lack of supporting information, we could not verify the purpose of the disbursements.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

A similar comment appeared in previous reports, most recently Report B42334.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

OFFICIAL BOND

Marc Hill, former Trustee, did not appear to obtain an individual Surety Bond for the year 2012.

A similar comment appeared in previous reports, most recently Report B42334.

Indiana Code 5-4-1-18(a) states in part: ". . . the following . . . township officers and employees shall file an individual surety bond: . . . (4) Township trustees."

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2016, with Sandra Matthias, Trustee; Marc Hill, Chairman of the Township Board; and Kevin Bates, Township Board member.