

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

SPECIAL INVESTIGATION REPORT

OF

EEL RIVER TOWNSHIP

ALLEN COUNTY, INDIANA

January 1, 2013 to April 30, 2016



FILED
10/19/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Selma Hough	01-01-11 to 12-31-18
Chairman of the Township Board	Owen Gross	01-01-13 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF EEL RIVER TOWNSHIP, ALLEN COUNTY

We have conducted a special investigation of the records of Eel River Township (Township), for the period from January 1, 2013 to April 30, 2016. Our investigation was limited to all records applicable to payroll withholdings. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary of Charges, as listed in the Table of Contents.

Any Official Response included herein this report has not been examined or verified for its accuracy.

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

June 6, 2016

EEL RIVER TOWNSHIP, ALLEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

During the review period, the Township did not remit tax payments or required forms on a timely basis. This resulted in the Township paying penalties, interest, and other charges to the Internal Revenue Service in the amount of \$684.12

Similar comments have appeared in prior Reports.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest, or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

We requested Selma Hough, Trustee, to reimburse Eel River Township \$684.12 for penalties, interest, and other charges paid. Hough reimbursed to the Township \$684.12 on June 6, 2016. (See Summary of Charges, page 7)

INTERNAL CONTROLS RELATED TOWNSHIP DISBURSEMENTS

The Township failed to implement the controls necessary to ensure the proper disbursement of Township funds. No review or control procedures have been implemented to ensure the validity of the disbursements for authorized purposes.

EEL RIVER TOWNSHIP, ALLEN COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS
(Continued)

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. (Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 13)

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 Townships Chapter 13)

ADDITIONAL SPECIAL INVESTIGATION COSTS

The State of Indiana incurred additional costs in the amount of \$333.72 due to the Special Investigation of Township transactions.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit.

We requested Hough, Trustee, reimburse the State of Indiana \$333.72 for additional special investigation costs. Hough reimbursed the State of Indiana \$333.72 on June 6, 2016. (See Summary of Charges, page 7)

EEL RIVER TOWNSHIP, ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2016, with Selma Hough, Trustee.

EEL RIVER TOWNSHIP, ALLEN COUNTY
SUMMARY OF CHARGES

	Charges	Credits	Balance Due
Selma Hough, Trustee:			
Penalties, Interest, and Other Charges, page 4	\$ 684.12	\$ 684.12	\$ -
Additional Special Investigation Costs, page 5	333.72	333.72	-
Totals	\$ 1,017.84	\$ 1,017.84	\$ -