

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

COMPLIANCE REPORT
OF
WASHINGTON TOWNSHIP
PIKE COUNTY, INDIANA
January 1, 2012 to December 31, 2015



FILED
02/14/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Judy White	01-01-11 to 08-31-14
	Rita Faith	09-01-14 to 12-31-14
	Marie N. Boyd	01-01-15 to 12-31-18
Chairman of the Township Board	Jeff Harting	01-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, PIKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Washington Township (Township), for the period January 1, 2012 to December 31, 2015, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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 Results and Comments, incorporated within this report, was not verified for accuracy.

The Township Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

December 14, 2016

WASHINGTON TOWNSHIP, PIKE COUNTY
RESULTS AND COMMENTS

BOARD OF FINANCE

As reported in prior Report B42104, the Board minutes did not contain information related to the annual meeting or election of officers for the Board of Finance for 2012, 2013, 2014, or 2015.

Indiana Code 5-13-7-6(a) states in part:

"Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . .

(1) Elect, from the board's membership:

(A) a president; and

(B) a secretary.

The officers elected hold office until the officers' successors are elected and qualified. . . ."

TOWNSHIP BOARD COMPENSATION

As reported in prior Report B42104, Township Board members' compensation did not have federal, state, and local taxes withheld or W-2s issued for 2012. Township Board members were paid without the Township withholding state and local taxes for 2013, 2014, and 2015.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Uniform and Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CONDITION OF RECORDS

As reported in prior Report B42104, condition of records issues continued until December 31, 2013. Errors included checks not recorded in the proper amounts or proper fund, mathematical errors in calculating monthly and year to date totals, and the control account of all funds did not reconcile to transactions and balances of individual funds reported on the Financial and Appropriation Record.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

WASHINGTON TOWNSHIP, PIKE COUNTY
RESULTS AND COMMENTS
(Continued)

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)

BANK RECONCILEMENTS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance with the ledger for any months from January 31, 2012 to December 31, 2013.

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."

OPTICAL CHECK IMAGES

From February 1, 2013 to December 31, 2015, the financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

Indiana Code 5-15-5.1-10(a) states in part:

"Each . . . local government shall:

- (1) Make and preserve records containing adequate and proper documentation of . . . essential transactions of the . . . local government to protect the legal and financial rights of the government . . . "

Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
 - (2) remains accessible for later reference. . . .
- (e) if a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a). . . ."

ANNUAL REPORT ERRORS

The Annual Financial Reports (AFR) filed on Gateway for 2012 and 2013 did not match the Township's records.

WASHINGTON TOWNSHIP, PIKE COUNTY
RESULTS AND COMMENTS
(Continued)

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per AFR</u>	<u>Amount per Ledger</u>	<u>Difference</u>
2012	Township	Beg. Bal.	\$ 185,553.11	\$ 177,870.78	\$ 7,682.33
2012	Payroll Withholding	Beg. Bal.	-	7,335.22	(7,335.22)
2012	Township	Receipts	39,623.56	41,123.56	(1,500.00)
2012	Township Assistance	Receipts	46,555.75	46,634.85	(79.10)
2012	Payroll Withholding	Receipts	-	4,980.12	(4,980.12)
2012	Township	Disb.	36,918.21	38,418.21	(1,500.00)
2012	Township Assistance	Disb.	27,108.51	28,399.39	(1,290.88)
2012	Payroll Withholding	Disb.	-	7,632.35	(7,632.35)
2012	Township	End. Bal.	189,083.87	180,576.13	8,507.74
2012	Township Assistance	End. Bal.	86,607.68	85,395.90	1,211.78
2012	Payroll Withholding	End. Bal.	-	4,682.99	(4,682.99)
2013	Township	Beg. Bal.	180,346.91	180,576.13	(229.22)
2013	Township Assistance	Beg. Bal.	85,520.70	85,395.90	124.80
2013	Township	Disb.	68,678.89	68,908.11	(229.22)
2013	Township Assistance	Disb.	28,337.74	28,212.94	124.80
2013	Payroll Withholding	Disb.	6,065.04	6,005.95	59.09
2013	Payroll Withholding	End. Bal.	4,682.99	4,742.08	(59.09)

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

The adjustments listed in the difference column in the above schedule were presented and approved by the Trustee. Adjustments were made to the Gateway report on December 14, 2016.

APPROPRIATIONS

The records presented indicated the following disbursements in excess of budgeted appropriations:

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2013	Township	\$ 3,858.11
2014	Rainy Day	261.50

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, 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."

CONTRACTS

Payments made for mowing services were not supported by a written contract for 2012 and 2013.

WASHINGTON TOWNSHIP, PIKE COUNTY
RESULTS AND COMMENTS
(Continued)

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

100-R REPORT ERRORS

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) was inaccurate. The 2012 100-R stated the Township Clerk's total compensation was \$16,800, but the Township Clerk actually was paid \$16,087.92 in 2012.

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township . . . official . . . who is the . . . executive officer of any . . . township . . . shall during the month of January each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

TOWNSHIP ASSISTANCE STANDARDS NOT ESTABLISHED

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2012, 2013, and 2014.

Indiana Code 12-20-5.5-1 states:

- "(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.
- (b) The township's standards for the issuance of township assistance and the processing of applications must be:
 - (1) governed by the requirements of this article;
 - (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
 - (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
 - (4) published in a single written document, including addenda attached to the document; and
 - (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

WASHINGTON TOWNSHIP, PIKE COUNTY
RESULTS AND COMMENTS
(Continued)

ANNUAL REPORT

The Township did not have the required meeting to review and adopt the Annual Report for 2013 and 2014.

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

NEPOTISM POLICY CERTIFICATION

The Trustee did not certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, 2014, and 2015.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTING WITH A UNIT POLICY CERTIFICATION

The Trustee did not certify in writing that they had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012, 2013, 2014, and 2015.

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

UNTIMELY FILING OF ANNUAL REPORT

The Gateway Annual Financial Report for 2013 was not filed electronically until April 20, 2014, which was 50 days past the due date.

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."

UNTIMELY FILING OF 100-R REPORT

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2012. The report was filed on February 11, 2013, which was 11 days past the due date.

WASHINGTON TOWNSHIP, PIKE COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 5-11-13-1(a) states in part:

"Every . . . township . . . official . . . who is the . . . executive officer of any . . . township . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

WASHINGTON TOWNSHIP, PIKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2016, with Marie N. Boyd, Trustee, and Marvie L. Flint, Township Board member.