

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

SPECIAL INVESTIGATION REPORT

OF

BAUGO TOWNSHIP

ELKHART COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
04/12/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Katherine Weaver	01-01-11 to 12-31-18
Chairman of the Township Advisory Board	Paul Geyer	01-01-12 to 12-31-12
	Donna Graves	01-01-13 to 12-31-13
	Brian Kemp	01-01-14 to 12-31-14
	Paul Geyer	01-01-15 to 12-31-16



STATE OF INDIANA
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TO: THE OFFICIALS OF BAUGO TOWNSHIP, ELKHART COUNTY

We have conducted a special investigation of the records of Baugo Township (Township) for the period from January 1, 2012 to December 31, 2015. Our investigation was limited to all records applicable to Township disbursements. 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 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

November 2, 2016

BAUGO TOWNSHIP, ELKHART COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties, interest, and other charges to various vendors in the amount of \$1,133.54 because the Trustee did not remit payments to vendors on a timely basis.

A similar comment appeared in prior Report B41514.

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 Katherine Weaver (Weaver), Trustee, to reimburse Baugo Township \$1,133.54 for penalties, interest, and other charges paid. Reimbursement of \$1,133.54 to the Township was made by Weaver on April 6, 2017. (See Summary of Charges, page 6)

INTERNAL CONTROLS RELATED TO TOWNSHIP DISBURSEMENTS

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

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 \$792.59, due to the special investigation of Township disbursements.

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 Weaver to reimburse the State of Indiana \$792.59 for additional special investigation costs. Reimbursement of \$792.59 to the State of Indiana was made by Weaver on April 11, 2017. (See Summary of Charges, page 6)

BAUGO TOWNSHIP, ELKHART COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 2, 2016, with Katherine Weaver, Trustee, and Len Paff, Township Board member.

BAUGO TOWNSHIP, ELKHART COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Katherine Weaver, Trustee:			
Penalties, Interest, and Other Charges, page 4	\$ 1,133.54	\$ 1,133.54	\$ -
Additional Special Investigation Costs, page 4	792.59	792.59	-
Totals	\$ 1,926.13	\$ 1,926.13	\$ -