

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

COMPLIANCE REPORT
OF
HAMMOND TOWNSHIP
SPENCER COUNTY, INDIANA
January 1, 2012 to December 31, 2015



FILED
04/13/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jane Lynam Samuel Lynam Jane Lynam	01-01-11 to 04-10-12 04-11-12 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	George Lynam	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HAMMOND TOWNSHIP, SPENCER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Hammond Township (Township), Spencer County, 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.

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

February 20, 2017

HAMMOND TOWNSHIP, SPENCER COUNTY
RESULTS AND COMMENTS

CONDITION OF RECORDS

As of December 31, 2015, the depository reconciliation of the Total All Funds cash balance to the bank account balances was reconciled; however, the total of the individual funds' cash balances did not agree with the Total All Funds cash balance. The total cash balance of the individual funds was \$360.98 more than the Total All Funds cash balance.

In reviewing the financial transactions in the Townships Ledger, the following errors were noted which accounted for some of the difference:

1. Mathematical errors in posting transactions.
2. Monthly and yearly totals for some years were not totaled correctly.
3. Balances not carried forward properly.
4. Receipts not posted to an individual fund.
5. Checks written not posted to an individual fund.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Township, Chapter 1)

OPTICAL IMAGE OF CHECKS

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. . . .

HAMMOND TOWNSHIP, SPENCER COUNTY
RESULTS AND COMMENTS
(Continued)

(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). . . ."

RECEIPTS POSTED INCORRECTLY

Receipts were not properly posted to the Township Ledger. On December 13, 2013, \$35 and \$42.16 of financial institution tax distributions were posted to the Township fund instead of the Firefighting fund and the Township Assistance fund, respectively. On June 12, 2014, \$34 and \$39.01 of financial institution tax distributions were posted to the Township fund instead of the Firefighting fund and the Township Assistance fund, respectively.

Sources and uses of funds must be limited to those authorized by enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PENALTIES AND INTEREST

The Township paid penalties and interest to the Indiana Department of Revenue and a telephone provider in the amounts of \$103.69 and \$30, respectively, because the Township did not remit payments on a timely basis.

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 unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL FINANCIAL REPORT FILED LATE

The Annual Financial Reports for 2013 and 2014 were not filed electronically until March 31, 2014, and March 4, 2015, which was 30 days and 3 days past the due date, respectively.

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

"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 . . ."

HAMMOND TOWNSHIP, SPENCER COUNTY
RESULTS AND COMMENTS
(Continued)

LATE FILING OF FORM 100-R

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2014. The report was filed on March 19, 2015, which was 47 days past the due date.

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers, employees, and agents . . . 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. . . ."

CONTRACTS

Payments were made for mowing services without a contract for 2015.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Uniform and Compliance Guidelines Manual for Townships, Chapter 1)

HAMMOND TOWNSHIP, SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 20, 2017, with Jane Lynam, Trustee.