

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

COMPLIANCE ENGAGEMENT REPORT

OF

UNION TOWNSHIP

WELLS COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

07/31/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Brian Imel	01-01-19 to 12-31-24
Chair of the Township Board	Robert Caley	01-01-19 to 12-31-19
	John Walmsley	01-01-20 to 12-31-20
	Robert Caley	01-01-21 to 12-31-21
	Kedric Bailey	01-01-22 to 12-31-22
	John Walmsley	01-01-23 to 12-31-23
	Robert Caley	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF UNION TOWNSHIP, WELLS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Union Township (Township) for the period of January 1, 2019 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Brian Imel, Trustee, and Robert Caley, Chair of the Township Board, on July 23, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 21, 2024

UNION TOWNSHIP, WELLS COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The following areas did not have proper internal controls in place to ensure compliance with laws, regulations, and guidelines:

- Monthly and Annual Uploads
- Failure to Meet Timely
- Township Assistance
- Township Assistance Standards
- Township Telephone, Cellular, and Internet Expenses
- Nepotism in Employment Policy and Certifications
- Compensation and Benefits
- Penalties, Interest, and Other Charges

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Township did not upload into the Indiana Gateway for Government Units financial reporting system any of the required monthly and annual files for 2019 through 2023 except two bank statements.

The following files and governmental unit information are required to be uploaded monthly:

- Bank reconciliations.
- Bank statements (effective for the required upload beginning with December 2020 information).
- Approved Township Board minutes.

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

- Funds ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund (beginning and ending balances effective for the required uploads beginning with December 2020 information).

The following files and governmental unit information are required to be uploaded annually:

- Year-end bank statement (no longer required after 2019 annual uploads).
- Year-end outstanding check list (no longer required after 2019 annual uploads).
- Year-end investment statements.
- Detail of receipts for the year.
- Detail of disbursements for the year.
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information).
- Annual vendor history report.
- Annual employee earnings record/payroll history report without social security numbers (unless only hand posted records exist).
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund (effective beginning with 2020 information).

Criteria

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FAILURE TO MEET TIMELY

This is a repeat comment from the prior Report B55205.

Condition and Context

For each of the five years of the engagement, the Township reorganized in February instead of January as required.

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

Criteria

The township board shall meet annually on the first Tuesday after the first Monday in January at the office of the township trustee. The board shall meet and organize annually on the above date by electing one of its members chairman and one of its member's secretary for that year. Any two members shall constitute a quorum. IC 36-6-6-7 (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 5)

TOWNSHIP ASSISTANCE

Condition and Context

- The Township did not have TA-1, Application for Township Assistance, for all clients. Of the 39 Township Assistance disbursements selected for testing, only 5 had applications linked to the disbursement. Of the 5 applications submitted, only 1 application was filled out completely.
- Clients were not required to complete TA-1B, Application for Additional or Continuing Township Assistance, when requesting additional assistance. Of the 39 disbursements selected for testing, 24 disbursements should have completed the TA-1B.
- The Township did not complete TA-1A, Notice of Township Assistance Action, for any of the Township Assistance disbursements for the engagement period.
- The Township did not ensure that Form 98, Purchase Orders, was filled out completely prior to disbursing funds.
- Of 39 Township Assistance disbursements selected for testing, 2 of the Township Assistance disbursements included supporting documentation such as itemized bills from vendors.
- Due to the lack of supporting documentation, we were unable to determine whether the applicants were within the income standards stipulated in the Township Assistance Standards approved by the Township Board.

Criteria

Indiana Code 12-20-6-1 states:

"(a) A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended.

(b) An individual filing an application and affidavit on behalf of a household must provide the names of all household members and any information necessary for determining the household's eligibility for township assistance. The application must be on the form prescribed by the state board of accounts.

(c) An applicant for utility assistance under [IC 12-20-16-3\(a\)](#) must comply with [IC 12-20-16-3\(d\)](#).

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

(d) The township trustee may not extend additional or continuing aid to an individual or a household unless the individual or household files an affidavit with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application.

(e) The township trustee shall assist an applicant for township assistance in completing a township assistance application if the applicant:

- (1) has a mental or physical disability, including an intellectual disability, cerebral palsy, blindness, or paralysis;
- (2) has dyslexia; or
- (3) cannot read or write the English language."

Indiana Code 12-20-6-8 states:

"(a) A township trustee shall promptly notify in writing each applicant for township assistance of action taken upon a completed application for township assistance. The trustee shall do the following:

- (1) Mail notice or provide personal notice not later than seventy-two (72) hours, excluding weekends and legal holidays listed in [IC 1-1-9](#), after the completed application is received, advising the applicant of the right to appeal an adverse decision of the trustee to the board of commissioners.
- (2) Include in the notice required under subdivision (1) the following:
 - (A) The type and amount of assistance granted.
 - (B) The type and amount of assistance denied or partially granted.
 - (C) Specific reasons for denying all or part of the assistance requested.
 - (D) Information advising the applicant of the procedures for appeal to the board of commissioners.

(b) A copy of the notice described in subsection (a) shall be filed with the recipient's application and affidavit in the trustee's office.

(c) An application for township assistance is not considered complete until all adult members of the requesting household have signed:

- (1) the township assistance application; and
- (2) any other form, instrument, or document:
 - (A) required by law; or
 - (B) determined necessary for investigative purposes by the trustee, as contained in the township's township assistance guidelines."

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

Indiana Code 12-20-6-5 states:

"If the township trustee determines that an applicant or a member of the applicant's household who is granted emergency township assistance under section 3(3) of this chapter may be eligible for public assistance other than township assistance, the applicant shall, not more than fifteen (15) working days after the date that emergency township assistance was granted, file an application for public assistance and comply with all the requirements necessary for completing the application process for public assistance administered by the division of family resources and county offices or another federal or state governmental entity. An applicant or a member of the applicant's household who fails to file an application for public assistance not more than fifteen (15) working days after the date that emergency township assistance was granted may not be granted township assistance for sixty (60) days following the grant of township assistance on an emergency basis."

Indiana Code 12-20-20-1 states:

"(a) If a township trustee, as administrator of township assistance, grants township assistance to an indigent individual or to any other person or agency on a township assistance order as provided by law or obligates the township for an item properly payable from township assistance money, the claim against the township must be:

- (1) itemized and sworn to as provided by law;
- (2) accompanied by the original township assistance order, which must be itemized and signed; and
- (3) checked with the records of the township trustee, as administrator of township assistance, and audited and certified by the township trustee.

(b) The township trustee shall pay claims against the township for township assistance in the same manner that other claims against the township are paid. The township trustee, when authorized to pay claims directly to vendors, shall pay a claim within forty-five (45) days. The township trustee shall pay the claim from:

- (1) any balance standing to the credit of the township against which the claim is filed; or
- (2) from any other available fund from which advancements can be made to the township for that purpose.

(c) A township assistance claim for prepaid electric service shall be paid in accordance with [IC 12-20-16-3.5](#)."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Purchase Order in triplicate is prescribed for use in placing orders for township supplies, materials, goods and equipment. The trustee must complete the form by listing the quantity, unit, description, unit price, and amount of articles ordered. The trustee must list the appropriation name and number and certify that there is an unobligated balance in the appropriation sufficient to pay for the order. The original is forwarded to the vendor, the duplicate is filed for public record, and the triplicate is retained in the files of the township trustee for use in checking the order when furnished by the vendor. The purchase order should show the amount of the purchase if known, or if not known an estimate should be made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

TOWNSHIP TELEPHONE, CELLULAR, AND INTERNET EXPENSES

A similar comment also appeared in the prior Report B55205, entitled *SUPPORTING DOCUMENTATION*.

Condition and Context

Landline telephone and internet expenses did not have policies in place or completed supporting documentation to verify the amounts reimbursed. A detailed listing from the cellular service company showing the nature of the calls made for the Township business was not provided for inspection for all cellular reimbursements during the engagement period.

Criteria

Indiana Code 12-20-5.5-3 states:

"(a) The township trustee shall ensure adequate access to township assistance services, including a telephone number in the name of the township published in the annual report as provided in [IC 12-20-28-3](#) and the township's budget submitted to the department of local government finance's computer gateway under [IC 6-1.1-17-3](#).

(b) A township assistance office, if separate from the township trustee's residence, must be designated by a clearly visible sign that lists the:

- (1) township trustee's name;
- (2) availability of township assistance; and
- (3) township assistance office's telephone number.

The sign must conform to all local zoning and signage restrictions."

We will take into consideration a personal phone and internet reimbursement policy that is approved by the Township Board. If there is a policy adopted by the Township Board and presented to us that allows the Trustee a full reimbursement of these expenses, even though the use of these services was not restricted to the Township use, we would not take exception. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

The State Board of Accounts will not take audit exception to reasonable cellular phone expenditures if Township owned cellular telephone(s) exist for which the Township has a listing in the telephone directory in the name of the Township. The Township must maintain a detailed listing from the cellular service company showing the Township business nature of all calls made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

Indiana Code 36-6-8-3 states:

"(a) The annual appropriations to a township executive for the expenses of renting an office and telephone and telegraph expenses must, as nearly as is possible, be equal to the actual cost of those items. If the township executive uses a part of the executive's residence for an office, the township legislative body shall appropriate a reasonable sum for that office space.

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

(b) The township executive is entitled to a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees. However, this subsection does not apply when the township executive uses a township vehicle in the performance of official duties."

NEPOTISM AND CONTRACTING POLICIES AND CERTIFICATIONS

Condition and Context

The Township has a Nepotism in Contracting policy that states each officer will certify annually that they were following Indiana Code 36-1-21; however, the officers of the Township did not certify annually. The Township did not provide a Nepotism in Employment policy for observation for the engagement period.

Criteria

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."

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."

Each township board member and the trustee are required to certify in writing under penalties of perjury before December 31 of each year that they have not violated the requirements of IC 36-1-20.2 (Nepotism) and IC 36-1-21 (Contracting). These certifications shall be submitted to the trustee and retained locally. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 11)

COMPENSATION AND BENEFITS

Condition and Context

Internal controls were not in place to ensure salaries were paid per the Township Board approved salary ordinances. The Township paid employees \$408 more than the approved salary ordinance during the engagement period.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Internal controls were not in place to ensure claims were properly remitted. Claims were paid late during the audit period, resulting in \$153 in late fees paid by the Township.

UNION TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

Criteria

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 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 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)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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UNION TOWNSHIP, WELLS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township	\$ 25,486	\$ 23,693	\$ 16,938	\$ 32,241	\$ 25,280	\$ 20,595	\$ 36,926
Township Assistance	27,354	3,397	1,469	29,282	3,272	1,887	30,667
Fire Fighting	46,172	18,534	22,731	41,975	19,292	24,770	36,497
Rainy Day	6,223	-	-	6,223	-	-	6,223
Levy Excess	283	-	283	-	185	-	185
Cumulative Fire	124,546	12,682	112,697	24,531	13,024	24,618	12,937
Fire Equipment Debt Fund	-	150,000	60,680	89,320	33,380	121,780	920
Totals	<u>\$ 230,064</u>	<u>\$ 208,306</u>	<u>\$ 214,798</u>	<u>\$ 223,572</u>	<u>\$ 94,433</u>	<u>\$ 193,650</u>	<u>\$ 124,355</u>

UNION TOWNSHIP, WELLS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township	\$ 36,925	\$ 25,744	\$ 18,463	\$ 44,206	\$ 25,855	\$ 19,762	\$ 50,299
Township Assistance	30,666	3,590	1,416	32,840	3,504	3,067	33,277
Fire Fighting	36,498	20,896	20,032	37,362	21,096	41,586	16,872
Rainy Day	6,223	-	-	6,223	-	-	6,223
Levy Excess	185	-	-	185	-	-	185
Cumulative Fire	12,936	13,776	-	26,712	14,368	-	41,080
Fire Equipment Debt Fund	920	31,488	27,560	4,848	27,650	27,560	4,938
Totals	<u>\$ 124,353</u>	<u>\$ 95,494</u>	<u>\$ 67,471</u>	<u>\$ 152,376</u>	<u>\$ 92,473</u>	<u>\$ 91,975</u>	<u>\$ 152,874</u>

UNION TOWNSHIP, WELLS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Township	\$ 50,300	\$ 27,885	\$ 20,116	\$ 58,069
Township Assistance	33,277	3,619	1,191	35,705
Fire Fighting	16,873	23,023	20,967	18,929
Rainy Day	6,223	-	-	6,223
Levy Excess	185	-	-	185
Cumulative Fire	41,081	16,170	-	57,251
Fire Equipment Debt Fund	4,938	27,040	27,560	4,418
Totals	<u>\$ 152,877</u>	<u>\$ 97,737</u>	<u>\$ 69,834</u>	<u>\$ 180,780</u>