

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

COMPLIANCE ENGAGEMENT REPORT

OF

WAYNE TOWNSHIP

TIPPECANOE COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
04/10/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Norman Hayman	01-01-19 to 12-31-24
Chair of the Township Board	Mark Christian	01-01-19 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF WAYNE TOWNSHIP, TIPPECANOE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Wayne 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 Mark Christian, Chair of the Township Board, and Norman Hayman, Trustee, on March 27, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 7, 2024

WAYNE TOWNSHIP, TIPPECANOE COUNTY  
COMMENTS

**CAPITAL ASSETS AND REPORTING IN THE ANNUAL FINANCIAL REPORT**

*Condition and Context*

As a result of internal control deficiencies, the Township had not established a capital assets policy that included a threshold at which an item is considered a capital asset, maintained a complete detailed inventory of capital assets owned that included the acquisition value, or completed a physical inventory at least every two years.

Due to the lack of supporting documentation the capital assets entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system could not be verified. The Township reported capital assets of \$2,251,906, \$2,293,818, \$2,350,792, and \$2,421,000 for the fiscal years ended December 31, 2019, 2020, 2022, and 2023, respectively. The Township did not report anything for the year ended December 31, 2021. Internal control deficiencies did not allow the Township to ensure the AFR was properly completed each year or that amounts reported could be supported by documentation maintained by the Township.

*Criteria*

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

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. 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](#)."

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. . . ."

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

WAYNE TOWNSHIP, TIPPECANOE COUNTY  
COMMENTS  
(Continued)

**RECORD OF HOURS WORKED**

*Condition and Context*

The Township had not designed or implemented internal controls to ensure that detailed records reflecting specific days or hours worked were maintained for the Township Clerk during the engagement period and no such records were maintained.

*Criteria*

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees: . . .

(2) employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

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The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

WAYNE TOWNSHIP, TIPPECANOE COUNTY  
COMMENTS  
(Continued)

**DONATIONS**

*Condition and Context*

The Township had not designed or implemented internal controls to ensure that proper documentation existed to support donations made were authorized by law.

Three of twenty-five disbursements tested for the period January 1, 2019 to December 31, 2023 were for donations from the Township fund to the Southwestern Summer Recreation and the West Point Cadet Park totaling \$3,500. The overall total amount disbursed for donations from the Township fund during the audit period to the Southwestern Summer Recreation and the West Point Cadet Park was \$8,250.

*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:

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Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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

**TOWNSHIP ASSISTANCE**

*Condition and Context*

As a result of an internal control deficiency, the Indiana State Board of Accounts prescribed Township Form TA-1A - Notice of Township Assistance Action was not completed and sent to the applicant. The Trustee sent a letter to the applicant indicating the status of the application, approval or denial of the application, and the amount of the approved assistance, but it did not include their appeal rights and the procedures of the appeal request.

WAYNE TOWNSHIP, TIPPECANOE COUNTY  
COMMENTS  
(Continued)

*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:

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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. . . ."

Immediately after any action is taken upon a completed township assistance application or, in the case of termination or reduction of existing benefits, before action is taken, a Form TA-1A, "Notice of Township Assistance Action," shall be delivered to the applicant or recipient in person or by first class United States mail at said person's last known address. A copy of each completed "Notice" shall be filed with the applicant's application in the trustee's office. In those cases where the trustee has determined to terminate or reduce benefits, if an appeal is requested within ten (10) days, assistance shall be continued to those recipients until a decision by the county commissioners is made.

In a nonemergency request for township assistance, the trustee shall act on the completed application not later than seventy-two (72) hours after receiving the completed application, excluding weekends and legal holidays listed in IC 1-1-9. The trustee's office shall retain a copy of each completed application and affidavit whether or not relief is granted.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

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)

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

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WAYNE TOWNSHIP, TIPPECANOE 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	\$ 8,648	\$ 28,286	\$ 26,056	\$ 10,878	\$ 28,258	\$ 28,196	\$ 10,940
Township Assistance	13,614	-	100	13,514	-	651	12,863
Fire Fighting	211,678	87,212	82,874	216,016	94,026	127,059	182,983
Rainy Day	9,454	-	-	9,454	50,000	-	59,454
Levy Excess	2,306	-	-	2,306	-	-	2,306
Cumulative Fire	124,547	12,345	14,157	122,735	12,450	11,361	123,824
Payroll Withholding	1,476	4,226	5,702	-	4,454	4,454	-
Fire Debt	-	63,580	58,390	5,190	65,155	58,390	11,955
Totals	<u>\$ 371,723</u>	<u>\$ 195,649</u>	<u>\$ 187,279</u>	<u>\$ 380,093</u>	<u>\$ 254,343</u>	<u>\$ 230,111</u>	<u>\$ 404,325</u>

WAYNE TOWNSHIP, TIPPECANOE 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	\$ 10,940	\$ 29,902	\$ 26,947	\$ 13,895	\$ 30,927	\$ 29,017	\$ 15,805
Township Assistance	12,863	-	100	12,763	2,350	344	14,769
Fire Fighting	182,982	94,191	109,561	167,612	129,321	99,800	197,133
Rainy Day	59,454	-	-	59,454	-	-	59,454
Levy Excess	2,306	-	-	2,306	-	-	2,306
Cumulative Fire	123,826	35,611	15,773	143,664	36,675	23,271	157,068
Payroll Withholding	-	4,670	2,973	1,697	4,853	5,028	1,522
Fire Debt	11,955	57,320	58,390	10,885	56,390	58,390	8,885
Totals	<u>\$ 404,326</u>	<u>\$ 221,694</u>	<u>\$ 213,744</u>	<u>\$ 412,276</u>	<u>\$ 260,516</u>	<u>\$ 215,850</u>	<u>\$ 456,942</u>

WAYNE TOWNSHIP, TIPPECANOE 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	\$ 15,805	\$ 41,972	\$ 31,602	\$ 26,175
Township Assistance	14,769	-	679	14,090
Fire Fighting	197,132	122,980	152,455	167,657
Rainy Day	59,454	-	-	59,454
Levy Excess	2,306	-	-	2,306
Cumulative Fire	157,068	51,616	-	208,684
Payroll Withholding	1,522	5,077	3,983	2,616
Fire Debt	8,885	55,238	58,390	5,733
Totals	<u>\$ 456,941</u>	<u>\$ 276,883</u>	<u>\$ 247,109</u>	<u>\$ 486,715</u>