

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

WAYNE TOWNSHIP

STARKE COUNTY, INDIANA

January 1, 2019 to December 31, 2024



FILED

06/02/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donna Woods	01-01-19 to 12-31-25
Chair of the Township Board	Alicia Collins	01-01-19 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF WAYNE TOWNSHIP, STARKE 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, 2024. 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>.

Beth Kelley, CPA, CFE
Deputy State Examiner

April 14, 2025

WAYNE TOWNSHIP, STARKE COUNTY,
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in noncompliance over:

- Overpayment of Compensation
- Compensation
- Annual Financial Reports
- Federal and State Agencies - Compliance Requirements
- Adoption and Certification on Internal Control Standards

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. . . ."

OVERPAYMENT OF COMPENSATION

Condition and Context

Internal controls were not in place to ensure the Township Board was properly paid in accordance with Township Form 17 - Resolution Establishing Salaries of Township Officers and Employees (Form 17). For 2020, the Form 17 was approved by the Township Board showing the rate of compensation per Township Board member to be "3 x \$750." The Township budget for 2020 for the Township Board pay was \$2,250, which is \$750 for each of the statutorily required three Township Board members. There were only two Township Board members instead of three in 2020, and the total budgeted amount of \$2,250 was divided evenly between the two Township Board members, resulting in an overpayment of \$375 for each Township Board member.

The rate of compensation paid to each Township Board member was \$650, \$1,125, \$850, \$850, \$850, and \$850 in 2019, 2020, 2021, 2022, 2023, and 2024, respectively.

WAYNE TOWNSHIP, STARKE COUNTY
COMMENTS
(Continued)

Criteria

Indiana Code 36-6-6-10(e) states:

"Except as provided in subsection (i), the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed, but it may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available."

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)

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COMPENSATION

Condition and Context

Internal controls were not in place to ensure the Township was in compliance with the laws, regulations, and Guidelines related to compensation. Based on a test of 28 payroll disbursements, the following errors were noted:

- Form 17 for 2019 and 2024 was not presented.
- Monthly rent payments totaling \$4,200 to the Trustee were incorrectly included as part of wages reported on the form W-2, Wage and Tax Statement for 2024, resulting in an overstatement of compensation reported to the Internal Revenue Service.

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)

Township Form No. 17 (Revised 2020) has been prescribed to fulfill the requirements of the law. (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)

WAYNE TOWNSHIP, STARKE COUNTY
COMMENTS
(Continued)

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)

ANNUAL FINANCIAL REPORTS

The same comment also appeared in prior Reports B48570 and B55769.

Condition and Context

The Township is required to report financial and other information annually in the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system, which was the source of the Township's Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis. The Township had not established effective internal controls to ensure the accuracy and completeness of the financial activity and accounts payables and receivables information submitted in the AFR.

Accounts Payables and Receivables

Amounts for accounts payables and receivables were reported in the AFR without supporting documentation.

Financial Data

The information reported in the AFR did not accurately reflect the financial activity of the Township. The AFRs submitted contained the following errors:

- The Township fund receipts and ending cash and investment balance at December 31, 2019, were understated by \$66,338 and \$69,388, respectively.
- At December 31, 2019, Township fund disbursements were overstated by \$3,050.
- The Township fund receipts and ending cash and investment balance at December 31, 2020, were understated by \$887 and \$70,275, respectively.
- At December 31, 2024, Township fund receipts and disbursements were understated by \$858 and \$849, respectively, and the ending cash and investment balance was overstated by \$140.
- At December 31, 2021, 2022, and 2023, the ending cash and investment balance of the Township fund was overstated by \$150, \$150, and \$140.
- The Township Assistance fund ending cash and investment balance was overstated by \$128 at December 31, 2019 and 2020. In addition, the Township Assistance fund ending cash and investment balance was understated by \$150 at December 31, 2021, 2022, 2023, and 2024.

WAYNE TOWNSHIP, STARKE COUNTY
COMMENTS
(Continued)

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](#)."

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Similar comments also appeared in prior Reports B48570 and B55769, entitled *PAYROLL* and *FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS*.

Condition and Context

Internal Controls were not in place to ensure the Township properly remitted payroll withholdings to the Internal Revenue Service (IRS). Based on a test of documented payroll withholdings to the total remitted to the IRS for each year, the following variances were noted:

For the Period January 1, 2019 to December 31, 2024

Total paid to the U.S. Department of the Treasury (IRS) per Township's bank statements	\$ 18,167
Total shown on W3 "Transmittal of Wage and Tax Statements" plus Employer Share of Taxes	18,786
Total on Form 941 "Employer's Quarterly Federal Tax Return"	16,683

Criteria

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)

ADOPTION OF, AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55769, entitled *ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS*.

Condition and Context

Internal controls were not in place to ensure that the Township was in compliance with Indiana Code concerning the acceptable minimum level of internal control standards.

The Township did not adopt the acceptable minimum level of internal control standards as required by Indiana Code 5-11-1-27(g).

The Township incorrectly certified on the Indiana Gateway for Government Units financial reporting system that the Township had adopted internal control standards.

WAYNE TOWNSHIP, STARKE COUNTY
COMMENTS
(Continued)

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision . . ."

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](#)."

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



WAYNE TOWNSHIP, STARKE 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	\$ 122,646	\$ 107,756	\$ 21,867	\$ 208,535	\$ 38,708	\$ 28,758	\$ 218,485
Park And Recreation	7,009	1,505	3,800	4,714	2,089	1,900	4,903
Township Assistance	48,908	2,617	5,806	45,719	16,114	10,187	51,646
Fire Fighting	62,951	31,148	23,400	70,699	32,582	20,388	82,893
Rainy Day	18,559	-	-	18,559	-	-	18,559
Levy Excess	4	-	-	4	-	-	4
Cumulative Fire	13,441	3,105	-	16,546	3,206	-	19,752
Totals	<u>\$ 273,518</u>	<u>\$ 146,131</u>	<u>\$ 54,873</u>	<u>\$ 364,776</u>	<u>\$ 92,699</u>	<u>\$ 61,233</u>	<u>\$ 396,242</u>

WAYNE TOWNSHIP, STARKE 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	\$ 218,485	\$ 19,016	\$ 26,698	\$ 210,803	\$ 35,981	\$ 28,670	\$ 218,114
Park And Recreation	4,903	5,815	3,400	7,318	9,646	1,900	15,064
Township Assistance	51,646	32,346	1,904	82,088	12,466	5,140	89,414
Fire Fighting	82,892	34,056	34,500	82,448	33,256	68,000	47,704
Rainy Day	18,559	-	-	18,559	-	-	18,559
Levy Excess	4	-	-	4	-	-	4
Cumulative Fire	<u>19,752</u>	<u>3,279</u>	<u>-</u>	<u>23,031</u>	<u>3,471</u>	<u>-</u>	<u>26,502</u>
Totals	<u>\$ 396,241</u>	<u>\$ 94,512</u>	<u>\$ 66,502</u>	<u>\$ 424,251</u>	<u>\$ 94,820</u>	<u>\$ 103,710</u>	<u>\$ 415,361</u>

WAYNE TOWNSHIP, STARKE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2023 and 2024

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23	Receipts	Disbursements	Cash and Investments 12-31-24
Township	\$ 218,114	\$ 47,068	\$ 28,619	\$ 236,563	\$ 52,838	\$ 33,787	\$ 255,614
Park And Recreation	15,063	2,058	1,900	15,221	1,975	1,902	15,294
Township Assistance	89,414	12,723	4,743	97,394	12,637	6,064	103,967
Fire Fighting	47,704	33,898	24,000	57,602	36,592	24,166	70,028
Rainy Day	18,559	-	-	18,559	-	-	18,559
Levy Excess	4	-	-	4	-	-	4
Cumulative Fire	26,502	4,220	-	30,722	4,433	-	35,155
Totals	<u>\$ 415,360</u>	<u>\$ 99,967</u>	<u>\$ 59,262</u>	<u>\$ 456,065</u>	<u>\$ 108,475</u>	<u>\$ 65,919</u>	<u>\$ 498,621</u>

WAYNE TOWNSHIP, STARKE COUNTY,
EXIT CONFERENCE

The contents of this report were communicated to Donna Woods, Trustee, and Alicia Collins, Chair of the Township Board, on May 14, 2025.