



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

B45822

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 15, 2016

TO: THE OFFICIALS OF PENN TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Penn Township (Township), for the period of January 1, 2011 to December 31, 2014 to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Our procedures were designed solely to satisfy the requirements of Indiana Code 5-11-1. Because our procedures were not designed to opine on the Township's financial statements, we did not follow *Generally Accepted Auditing Standards*. Accordingly, we do not express an opinion on any basic financial statement of the Township.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed for years prior to 2011 can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/. For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Current Period Comments

- *As of 2014, the bank account reconciliation identified a cash long in the amount of \$1,074.30.*

- *The Annual Financial Report filed on Gateway for 2012 contained a number of errors and did not properly reflect the financial activity of the Township:*

| <u>Year</u> | <u>Fund</u> | (Beg Bal, Receipt, Disb, End Bal) <u>Category</u> | <u>Amount Per</u> <u>Gateway</u> | <u>Amount Per</u> <u>Ledger</u> | <u>Difference</u> |
|-------------|---------------------|---|-------------------------------------|------------------------------------|-------------------|
| 2012 | Township | End Bal | \$ 14,900.02 | \$ 18,212.46 | \$ 3,312.44 |
| 2012 | Payroll Withholding | End Bal | - | (3,312.44) | 3,312.44 |
| 2012 | Emergency Fire Loan | End Bal | 326.07 | (545.80) | 871.87 |
| 2012 | Fire Equipment | End Bal | 2,719.68 | 3,591.55 | (871.87) |

- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, or 2014.*
- *Each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012, 2013, or 2014.*
- *The following funds had overdrawn cash balances at December 31:*

| <u>Year</u> | <u>Fund</u> | <u>Excess Amount</u> <u>Disbursed</u> |
|-------------|-----------------|--|
| 2012 | Cumulative Fire | \$ 5,009 |
| 2014 | Fire Fighting | 80,585 |

This letter is intended for the information and use of the governing body and management of the Township. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

The contents of this letter were discussed on August 25, 2015, with Doris J. Portolese, Trustee; Kent D. Hizer, Chairman of the Township Board; Lynda Kay Smith, Office Manager; and Steven K. Dacton, Financial Advisor. Any Official Response attached to this letter was not verified for accuracy.

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



PENN TOWNSHIP TRUSTEE

Doris J. Portolese

September 1, 2015

OFFICIAL RESPONSE – CORRECTIVE ACTION PLAN

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Re: Annual Financial Report and Cash Balances

In response to the audit findings regarding errors in annual financial reports for 2012 and negative cash balances in 2012 and 2014, which we inherited from the previous administration, we are unable to comment further on lack of internal controls during that period.

Signed:

A handwritten signature in cursive script that reads "Doris J. Portolese".

Doris J. Portolese, Penn Township Trustee

Date: September 1, 2015

September 1, 2015

OFFICIAL RESPONSE – CORRECTIVE ACTION PLAN

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Re: Bank Account Reconciliation

In response to the audit finding regarding a cash long in the amount of \$1,074.30 which we inherited from the previous administration, we have determined there was a long dormant bank account which was reflecting this exact amount in negative balance. That bank account is no longer in use, and according to our system network provider staff their research shows the following:

It looks like the bank in question had activity through 2009. In 2008 Bank # 2 Old National Bank had a beginning balance of \$5,931.72, total credits of \$49,530.18 with total debit's of \$56,830.18 which left a shortfall of \$-1,368.28. In 2009 there was a credit of \$293.98 which left a negative balance of -\$1074.30 in that bank account. And, their suggestion at this point would be to decrease a fund, probably the General fund by \$1074.30 and remove this bank at the end of fiscal 2015, otherwise this will continue to be the case.

Signed:

 02/09/2016

Doris J. Portolese, Penn Township Trustee

Date: September 1, 2015

REVISED 02/09/2016

September 1, 2015

OFFICIAL RESPONSE – CORRECTIVE ACTION PLAN

State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

Re: Lack of annual certification for Nepotism and Contracting Policies

In response to the audit finding regarding the lack of certifications in 2012, 2013, and 2014 for Nepotism and Contracting Policies, those actions were under a previous administration. We are unable to comment further on the lack of controls during that period, however, Board Members signed Nepotism and Contracting Policies in 2012, Board Members signed Nepotism and Contracting Policies in 2014 and policies were certified January 6th, 2015. We understand the applicable laws and have implemented internal policies to gather the above mentioned certifications each year.

Signed:

 02/09/2016
Doris J. Portolese, Penn Township Trustee

Date: September 1, 2015

REVISED 02/09/2016