

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

SUPPLEMENTAL CHARGE REPORT

OF

FALL CREEK TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
04/06/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Don Osborne	01-01-11 to 12-31-18
Chairman of the Township Board	Richard Thornburg (Vacant) Steve Holmes	01-01-13 to 12-30-14 12-31-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF FALL CREEK TOWNSHIP, HENRY COUNTY

This report is supplemental to our examination report of Fall Creek Township (Township), for the period from January 1, 2013 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any noncompliance resulting in charges that pertain to the Township. It should be read in conjunction with our Financial Statement Examination Report of the Township, which provides our opinion on the Township's financial statement, and the Supplemental Compliance Report of the Township, which reports examination results and comments that pertain to the Township. These reports may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The results of our examination are fully described in the Supplemental Charge Results and Comments and Summary of Charges as listed in the Table of Contents.

Any Official Response to the Supplemental Charge Comments, incorporated within this report, was not verified for accuracy.

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

November 24, 2015

FALL CREEK TOWNSHIP
HENRY COUNTY
SUPPLEMENTAL CHARGE RESULTS AND COMMENTS

OVERPAYMENT OF EMPLOYEE BENEFITS

During 2014, the Township paid \$7,456.76 for premiums for a Medicare Supplement Insurance for Don Osborne, Trustee, and Bertha Osborne, Clerk, jointly and severally. This employee benefit was not included in a salary resolution, but was included in the budget approved by the Township Board and the Department of Local Government Finance in the amount of \$5,500. The amount actually paid was \$1,956.76 in excess of the amount budgeted for Employee Benefits-Insurance for 2014.

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 statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 17)

Don Osborne, Trustee, and Bertha Osborne, Clerk, jointly and severally, were requested to reimburse the Township, \$1,956.76 for the overpayment of employee benefits. (See Summary of Charges, page 7)

On October 14, 2015, Don and Bertha Osborne reimbursed the Township \$710.98. On October 15, 2015, and November 15, 2015, Don Osborne, Trustee, reimbursed the Township \$50 by payroll withholding from each of those pay dates. On October 15, 2015, and November 15, 2015, Bertha Osborne, Clerk, reimbursed the Township \$50 by payroll withholding from each of those pay dates. On November 23, 2015, Don and Bertha Osborne reimbursed the Township \$698.57. On December 3, 2015, Don and Bertha Osborne reimbursed the Township the remaining balance of \$347.21. (See Summary of Charges, page 7)

OVERPAYMENT OF MILEAGE REIMBURSEMENTS

During 2013 and 2014, Don Osborne, Trustee, was reimbursed for mileage at a rate greater than the State rate. This resulted in an overpayment of mileage reimbursements of \$127 for 2013 and \$113.22 for 2014.

The Township Trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees (IC 36-6-8-3). (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Don Osborne, Trustee, was requested to reimburse the Township \$240.22 for the overpayment of mileage reimbursements. (See Summary of Charges, page 7)

Don Osborne, Trustee, reimbursed the Township for overpayment of mileage in the amount of \$240.22 on October 14, 2015. (See Summary of Charges, page 7)

REIMBURSEMENT OF UNDOCUMENTED EXPENSES

On June 6, 2014, Bertha Osborne, Clerk, was issued a check in the amount of \$106.99 with a disbursement description of "re-payment on phone." There was no documentation to support the Township purpose for this disbursement.

FALL CREEK TOWNSHIP
HENRY COUNTY
SUPPLEMENTAL CHARGE RESULTS AND COMMENTS
(Continued)

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Bertha Osborne, Clerk, was requested to reimburse the Township \$106.99 for the reimbursement of the undocumented expense. (See Summary of Charges, page 7)

Bertha Osborne, Clerk, reimbursed the Township \$106.99 for the undocumented expense reimbursement on October 14, 2015. (See Summary of Charges, page 7)

INTERNAL CONTROL DEFICIENCIES

Overpayment of mileage and employee benefits for personal expenses (as described in the previous Results and Comments), were caused by a lack of segregation of duties. The Trustee serves as the Township executive and the Township Fiscal Officer. As a result, there is no oversight of Township financial activity on an ongoing basis by another official.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FALL CREEK TOWNSHIP
HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 24, 2015, with Don Osborne, Trustee, and Bertha Osborne, Clerk.

FALL CREEK TOWNSHIP
HENRY COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Don Osborne, Trustee, and Bertha Osborne, Clerk, jointly and severally:			
Overpayment of Employee Benefits, page 4	\$ 1,956.76	\$	\$
Paid by personal check, deposited to Township account on October 14, 2015		710.98	
Paid by payroll withholding from check 3680 dated October 15, 2015 to Don Osborne		50.00	
Paid by payroll withholding from check 3681 dated October 15, 2015 to Bertha Osborne		50.00	
Paid by payroll withholding from check 3692 dated November 15, 2015 to Don Osborne		50.00	
Paid by payroll withholding from check 3693 dated November 15, 2015 to Bertha Osborne		50.00	
Paid by personal check, deposited to Township account on November 23, 2015		698.57	
Paid by personal check, deposited to Township account on December 3, 2015		347.21	-
	<u>1,956.76</u>	<u>1,956.76</u>	<u>-</u>
Totals			
Don Osborne, Trustee:			
Overpayment of Mileage Reimbursement, page 4	240.22		
Paid by personal check, deposited to Township account on October 14, 2015		240.22	-
Bertha Osborne, Clerk:			
Reimbursement of Undocumented Expenses, pages 4 and 5	106.99		
Paid by personal check, deposited to Township account on October 14, 2015		106.99	-
	<u>106.99</u>		<u>-</u>
Totals	<u>\$ 2,303.97</u>	<u>\$ 2,303.97</u>	<u>\$ -</u>