



**STATE OF INDIANA**  
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B47221

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](http://www.in.gov/sboa)

November 18, 2016

TO: THE OFFICIALS OF KELSO TOWNSHIP, DEARBORN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Kelso Township (Township), for the period of January 1, 2012 to December 31, 2015, 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 auditing standards generally accepted in the United States of America. 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 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.

***Unresolved Comments from Prior Report***

- *The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned. The financial institution continued not to return the backside of the optical image of the checks for the years 2012, 2013, 2014, and 2015.*
- *For the years 2012, 2013, 2014, and 2015, the Township Board members were also paid without the Township withholding any applicable payroll taxes.*

***Current Period Comments***

- *Depository reconciliations of the fund balances to the bank account balances were not presented for review for any of the months during the period.*

- *The Township used an excel spreadsheet to record the financial activity of the Township for the year 2015 in lieu of prescribed form "Financial and Appropriation Record (Form 1C)." Spreadsheets should not be utilized to generate control documents such as ledgers, receipt registers, check registers, outstanding check lists, and similar reports.*
- *The Annual Financial Report (AFR) filed on Gateway for 2012, 2013, 2014, and 2015 contained errors and did not match the Township's records.*

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per Gateway</u>	<u>Amount per Ledger</u>	<u>Difference</u>
2012	Township	Receipts	\$ 11,158.08	\$ 11,856.86	\$ (698.78)
2012	Township	Ending Balance	2,174.24	2,873.02	(698.78)
2013	Township	Beginning Balance	2,174.24	2,873.02	(698.78)
2013	Township	Ending Balance	4,064.76	4,765.17	(700.41)

*Adjustments to the AFRs filed on Gateway were proposed and approved by the Township.*

- *The Township Board did not fix the salaries of the Township officials and employees for the years 2012 and 2013 as required by Indiana Code 36-6-6-10(b).*
- *W-2s were not issued to the Township Board members for the wages earned.*
- *Two payments in 2012 did not contain adequate supporting documentation, such as receipts, invoices, and other public records.*
- *The AFR was not published in accordance with Indiana Code 36-6-4-13 for 2012.*
- *The Township did not have a Nepotism Policy for 2012 and 2013.*
- *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, and December 31, 2013.*
- *The Township did not have a Contracting Policy for 2012 and 2013.*
- *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, and December 31, 2013.*
- *The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R or its equivalent) with the Indiana State Board of Accounts for 2014. The report was filed on February 9, 2015, which is nine days past the due date.*

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 September 13, 2016, with David L. Alig, Trustee. Any Official Response attached to this letter was not verified for accuracy.

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