

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

SPECIAL INVESTIGATION REPORT

OF

HARRISON TOWNSHIP

BLACKFORD COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
12/19/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	William R. Smith	01-01-11 to 12-31-18
Chairman of the Township Board	Debra Penrod	01-01-12 to 12-31-12
	Shawn Gearheart	01-01-13 to 12-31-13
	Debra Penrod	01-01-14 to 12-31-14
	Michael Maddox	01-01-15 to 12-31-15
	Debra Penrod	01-01-16 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HARRISON TOWNSHIP, BLACKFORD COUNTY:

We have examined the records of Harrison Township (Township) for the period from January 1, 2012 to December 31, 2015. Our investigation was limited to all records applicable to disbursements of the Township Trustee. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary as listed in the Table of Contents.

Any response to this report has not been examined or verified for its accuracy and we do not express an opinion on it.

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

September 12, 2016

HARRISON TOWNSHIP  
BLACKFORD COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

***SALARY OVERPAYMENT***

William R. Smith (Smith), Trustee, paid himself an additional \$3,600 for performing duties of the Clerk.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the

(1) salaries;

(2) wages;

(3) rates of hourly pay . . . of all officers and employees of the township. . . ."

Indiana Code 36-6-4-3 states in part: "The executive shall do the following . . . duties described by statute. The Trustee should not perform the duties of the Township Clerk for additional compensation."

We requested Smith reimburse Harrison Township \$3,600 for unauthorized salary payments. He reimbursed to the Township \$3,600 on September 12, 2016. (See Summary of Charges, page 6)

***INTERNAL CONTROLS RELATED TO TOWNSHIP SALARY DISBURSEMENTS***

The Township has failed to implement the controls necessary to insure the proper disbursement of Township funds for salaries. No review or control procedures have been implemented to insure the validity of the salary disbursements.

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. (Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 13)

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)

HARRISON TOWNSHIP  
BLACKFORD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 12, 2016, with William R. Smith, Trustee.

HARRISON TOWNSHIP  
 BLACKFORD COUNTY  
 SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
William R. Smith, Trustee: Salary Overpayments, page 4	\$ 3,600	\$ 3,600	\$ -
Totals	<u>\$ 3,600</u>	<u>\$ 3,600</u>	<u>\$ -</u>