

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

SPECIAL INVESTIGATION REPORT

OF

JEFFERSON TOWNSHIP

WELLS 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	Richard L. McCoy Barry Gordon	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Curtis Rupright Lloyd W. Meyer	01-01-12 to 12-31-12 01-01-13 to 12-31-16



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TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, WELLS COUNTY

We have examined the records of Jefferson Township (Township) for the period from January 1, 2012 to December 31, 2015. Our examination was limited to all records applicable to disbursements to the Trustee. The purpose of our examination 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 examination are fully described in the Special Investigation Results and Comments and Summary of Charges 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 28, 2016

JEFFERSON TOWNSHIP, WELLS COUNTY
SPECIAL INVESTIGATION RESULTS AND COMMENTS

SALARY OVERPAYMENT

As noted in the prior examination report, Richard L. McCoy (McCoy), former Trustee, received \$2,650 in wages for the year 2011 for Township Assistance - Supervisor of Investigators. These wages were reported on his form W-2 in 2011.

An additional examination comment in the prior report stated, "Richard L. McCoy, Trustee, will reduce his 2013 salary by \$2,650 to repay the Township." A review of the 2013 and 2014 records indicated that McCoy failed to reduce his salary in the subsequent years.

The Trustee should not perform township assistance investigations.

Indiana Code 36-6-4-3 concerning a township trustee's responsibilities and duties states in part: "The executive shall do the following . . . (7) Administer township assistance under IC 12-20 and IC 12-30-4."

Indiana Code 12-20-4-2 states:

"The township trustee of each township, in the trustee's official capacity as chief executive officer within the township, may do the following:

- (1) Employ supervisors, investigators, assistants, or other necessary employees in discharging the township trustee's duties concerning the provision of township assistance.
- (2) Fix the salaries or wages to be paid to the supervisors, investigators, assistants, or other necessary employees employed by the township trustee."

We requested McCoy reimburse Jefferson Township \$2,650 for unauthorized salary payments. This amount was repaid on September 28, 2016. (See Summary of Charges, page 7)

INTERNAL CONTROLS RELATED TO TOWNSHIP SALARY DISBURSEMENTS

The Township 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 ensure 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)

JEFFERSON TOWNSHIP, WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 28, 2016, with Richard L. McCoy, former Trustee.

My response to the audit charge:

Former trustee and the board members did not understand the 2011 wages were in question. (we just talked to them a few weeks ago) The 2012 wages were talked about with SBOA and it was ask why we couldn't in the December wage disbursement correct the problem, which the wages were reduced. None of the board or myself understood that more had to be done we did the disbursement as previous years. This was at the same time that Gateway was starting up. At this audit that was the first time we had been told that we could not continue as was done previous years.

A handwritten signature in black ink, appearing to be "M. Kelly", written in a cursive style.

JEFFERSON TOWNSHIP, WELLS COUNTY
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Richard L. McCoy, former Trustee: Salary Overpayments, page 4	<u>\$ 2,650</u>	<u>\$ 2,650</u>	<u>\$ -</u>