

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLAY TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**

03/09/2017



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Examination Results and Comments:	
Check Optical Image .....	4
Bank Account Reconciliations .....	4
Salary Resolution.....	4-5
Contracting Annual Certification by Officer .....	5
Nepotism Policy .....	5
Nepotism Annual Certification by Officer.....	5
Payroll Deductions.....	5-6
Advance Payments.....	6
Annual Financial Report .....	6
Certified Report Filed After Due Date.....	6
Appropriations.....	6-7
Township Assistance Standards .....	7
Undocumented Expenses .....	7
Failure to Enter into Contracts.....	8
Payments Not in Accordance with Contract.....	8
Exit Conference .....	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Clinton Stoutenour	01-01-11 to 12-31-18
Chairman of the Township Board	Dawn Cline	01-01-12 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLAY TOWNSHIP, HENDRICKS COUNTY, INDIANA

This report is supplemental to our examination report of Clay Township (Township), for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments 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. This report may be found at [www.in.gov/sboa/](http://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 Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

January 23, 2017

CLAY TOWNSHIP, HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS

**CHECK OPTICAL IMAGE**

The financial institution did not return the actual canceled checks with the 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.

A similar comment was noted in prior Reports B41079 and B36496.

Indiana Code 5-15-5.1-10(a) states in part:

"Each . . . local government shall:

- (1) Make and preserve records containing adequate and proper documentation of . . . essential transactions of the . . . local government to protect the legal and financial rights of the government. . . ."

Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference. . . .

(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a). . . ."

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were not presented for all months of the examination period.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**SALARY RESOLUTION**

The Township Board did not fix the salaries of all officers and employees for 2012, 2013, 2014, and 2015.

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

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;

CLAY TOWNSHIP, HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

(3) rates of hourly pay; and

(4) remuneration other than statutory allowances;

of all officers and employees of the township."

**CONTRACTING ANNUAL CERTIFICATION BY OFFICER**

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, 2014, and 2015.

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**NEPOTISM POLICY**

The Township did not have a Nepotism Policy for 2012, 2013, 2014, or 2015.

Indiana Code 36-1-20.2-9(a) states:

"This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. However, the policy may:

(1) include requirements that are more stringent or detailed than any provision in this chapter; and

(2) apply to individuals who are exempted or excluded from the application of this chapter.

The unit may prohibit the employment of a relative that is not otherwise prohibited by this chapter."

**NEPOTISM ANNUAL CERTIFICATION BY OFFICER**

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, 2014, or 2015.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**PAYROLL DEDUCTIONS**

Employees of the Township were paid without the Township withholding federal, state, and local taxes for 2012, 2013, 2014, and 2015. In addition W-2s were not available for examination for 2012, 2013, 2014, and 2015.

A similar comment was noted in prior Reports B41079 and B36496.

CLAY TOWNSHIP, HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ADVANCE PAYMENTS**

The Township paid \$3,350 of compensation to employees in advance of the actual date the services were provided.

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ANNUAL FINANCIAL REPORT**

The Township Board did not meet in 2015 to consider and approve an Annual Financial Report.

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

**CERTIFIED REPORT FILED AFTER DUE DATE**

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2012, 2013, and 2014. The report was filed on April 12, 2013, February 18, 2014, and March 12, 2015, which was 71, 18, and 40 days past the due date.

A similar comment was noted in prior Report B41079.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

**APPROPRIATIONS**

The records presented indicated the following expenditures in excess of budgeted appropriations:

CLAY TOWNSHIP, HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Years	Fund	Excess Amount Disbursed
2012	Fire Fighting	\$ 20,604.00
2013	Fire Fighting	12,518.00

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**TOWNSHIP ASSISTANCE STANDARDS**

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2012, 2013, 2014, and 2015.

Indiana Code 12-20-5.5-1(b) states:

"The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

**UNDOCUMENTED EXPENSES**

A payment for \$200 in 2014 was observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. The unit considered the cancelled check as receipt.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

CLAY TOWNSHIP, HENDRICKS COUNTY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***FAILURE TO ENTER INTO CONTRACTS***

Payments made for mowing were not supported by a written contract for 2012, 2013, 2014, and 2015.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***PAYMENTS NOT IN ACCORDANCE WITH CONTRACT***

Payments made for a fire contract in 2012 did not comply with the amount in the written contract. The contract was written for \$49,000 and the unit paid \$49,184.

Payments made or received for contractual services should be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CLAY TOWNSHIP, HENDRICKS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 23, 2017, with Clinton Stoutenour, Trustee.