

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

COMPLIANCE REPORT

OF

WEBSTER TOWNSHIP

WAYNE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
03/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Cynthia Miller George Haskett	01-01-11 to 03-30-12 04-01-12 to 12-31-18
Chairman of the Township Board	Michael Johnson Judy Whallon	01-01-12 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WEBSTER TOWNSHIP, WAYNE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Webster Township (Township), Wayne County, for the period 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.

The 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.

The Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

February 9, 2017

WEBSTER TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS

SALARY PAYMENTS NOT IN ACCORDANCE WITH SALARY RESOLUTION

Salary paid to the Township Clerk was not in accordance with the salary resolution. The Township Board approved a salary of \$500 for 2012; however, she was paid \$700.

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 law. Compensation must be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The overpayment was repaid to the Township on February 3, 2017.

APPROVAL OF SALARIES

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

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."

REVIEW AND APPROVAL OF ANNUAL REPORT

The Township did not have the required meeting to review and adopt the annual report for 2012, 2013, 2014, and 2015.

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."

ANNUAL FINANCIAL REPORT FILED LATE

The Annual Financial Report (AFR) for 2012 was not filed electronically until March 5, 2013, which was four days past the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

WEBSTER TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

LATE FILING OF FORM 100-R

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 the year 2012. The report was filed on March 12, 2013, which was 41 days past the due date.

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."

OVERSPENT APPROPRIATIONS

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

<u>Years</u>	<u>Fund</u>	<u>Excess Amount</u> <u>Disbursed</u>
2012	Firefighting	\$ 72,779
2015	Township	5,095

Indiana Code 6-1.1.18-4 states: "Except as otherwise provided in this chapter, 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."

PENALTIES AND INTEREST

The Township paid penalties and interest in 2014 and 2015 in the amount of \$48.83 for failure to remit tax payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

UNDOCUMENTED EXPENSES

Several 2015 disbursements were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Some of these payments were paid from a statement rather than individual invoices. Payments made to firefighters were not properly supported.

WEBSTER TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

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)

FAILURE TO ENTER INTO CONTRACTS

Payments made for snow removal in the years 2014 and 2015 and mowing in 2015 were not supported by a written contract.

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)

NEPOTISM POLICY

The Township did not have a Nepotism Policy for 2012 and 2013. A Nepotism Policy was approved by the Township Board on November 29, 2014.

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."

ANNUAL NEPOTISM CERTIFICATION

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, and 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."

CONTRACTING POLICY

The Township did not have a Contracting Policy for 2012 and 2013. A Contracting Policy was approved by the Township Board on November 29, 2014.

WEBSTER TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 36-1-21-4(a) states:

"This chapter establishes minimum requirements regarding contracting with a unit. 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 or restrict an individual from entering into a contract with the unit that is not otherwise prohibited or restricted by this chapter."

ANNUAL CONTRACTING POLICY CERTIFICATION

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, 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."

OPTICAL IMAGES OF THE CHECKS

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.

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). . . ."

WEBSTER TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Capital assets records were not maintained.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 1)

WEBSTER TOWNSHIP, WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with George Haskett, Trustee.