

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MIDDLE TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
05/24/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Timothy Griffith	01-01-11 to 12-31-18
Chairman of the Township Board	Lynn Love	01-01-12 to 12-31-14
	Andrew Zeunik	01-01-15 to 12-31-15
	Pat Carmean	01-01-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of Middle Township (Township), Hendricks County, 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 Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at 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

March 23, 2017

MIDDLE TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGE OF CHECKS

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.

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). . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties and interest in the amount of \$28 to Sam's Club and TDS Telecom for failure to remit 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)

SALES TAX PAID ON PURCHASES

Records presented for review show that sales tax was paid in 2012, 2013, 2014, and 2015.

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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

APPROVAL OF SALARIES

The Township Board did not establish the salaries of Township officers and employees for 2013 and 2014.

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

"The township legislative body shall fix the:

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

of all officers and employees of the township."

CONTRACTING WITH A UNIT POLICY

The Township did not have a Contracting with a Unit policy for 2012, 2013, 2014, and 2015.

Indiana Code 36-1-21-4(a) states in part: "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. . . ."

CONTRACTING WITH A UNIT 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, 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."

CREDIT CARD POLICY

The Township did not have a credit card policy approved by the Township Board for 2012, 2013, 2014, or 2015.

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.

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

4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OFFICIAL BOND

The Trustee did not obtain an individual Surety Bond for the year 2013.

Indiana Code 5-4-1-18(a) states in part:

". . . the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor: . . .

(4) Township trustees. . . ."

CONTRACTS

Payments were made for mowing during 2013 without a written contract presented for review.

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)

SUPPORTING DOCUMENTATION

Payments totaling \$2,141 were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.

MIDDLE TOWNSHIP, HENDRICKS COUNTY
EXAMINATION 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)

MIDDLE TOWNSHIP, HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 23, 2017, with Timothy Griffith, Trustee.