

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

COMPLIANCE REPORT
OF
PRAIRIE TOWNSHIP
WARREN COUNTY, INDIANA
January 1, 2012 to December 31, 2016



FILED
05/25/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Melyssa Leak Stephanie Larch Nancy Little	01-01-11 to 09-30-13 10-01-13 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Gary Larch	01-01-11 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PRAIRIE TOWNSHIP, WARREN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Prairie Township (Township), Warren County, for the period January 1, 2012 to December 31, 2016, 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.

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

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 28, 2017

PRAIRIE TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS

RECORDS NOT PRESENTED

Bank statements, bank reconcilements, cancelled checks, fire contracts, and invoices supporting disbursements were not presented for 2012 and 2014.

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

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 for Townships, Chapter 1)

DEPOSITS NOT MADE TIMELY

Receipts were deposited later than the first and fifteenth of the month for 2012 and 2013. The Township received distributions from the County Auditor monthly. Six of the monthly distributions for 2012 and five of the 2013 monthly distributions were deposited over 30 days after the date of the County Auditor's check.

Indiana Code 5-13-6-1(c) states in part: ". . . The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. . . ."

APPROVAL OF SALARIES

The Township Board did not establish the salaries of Township officers and employees for 2012 through 2014.

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

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

PRAIRIE TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

PAYROLL TAXES, REPORTS, AND REMITTANCES

Employees of the Township were paid without the Township withholding federal, state, and local taxes in 2012 through 2014. In 2015, the Trustee withheld and remitted Social Security and Medicare taxes on the Trustee's compensation only. In 2016, the Trustee withheld and remitted Social Security and Medicare for all employee compensation, but did not withhold or remit state and local taxes.

In 2015 and 2016, the Trustee reported wages and withholdings to the Federal Government on Federal Forms 944 Employer's Annual Federal Tax Returns. The Township also remitted the withholdings and remittances with the filing of the Federal Form 944. This form was for small employers whose federal tax liability is less than \$1,000 per year. In 2015 and 2016, the Township's federal tax liability exceeded \$1,000 for each year. On March 22, 2016, the Internal Revenue Service informed the Township that they "must continue to make deposits or payment for Forms 941 for subsequent years. To avoid a possible failure to deposit penalty, you must continue to deposit, if required, according to your current deposit schedule . . ."

Neither, Federal Wage and Tax Forms (Form W-2's), nor Federal Forms 1099 Miscellaneous Income were issued in 2012 through 2014. The Form W-2 was issued to the Trustee in 2015.

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 for Townships, Chapter 1)

FAILURE TO ENTER INTO CONTRACTS

Payments made for mowing 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)

PAYMENTS NOT IN ACCORDANCE WITH CONTRACT

Payments made in 2013, 2014, and 2015 on a fire contract did not agree to the contract amounts. The Township fell behind on payment of the contract in 2013 and 2014. Additional amounts were paid in 2015 to make up for the shortfall; however, the amount paid in 2015 exceeded the shortfall and amount due for the 2015 contract by \$3,000. Records were not presented to document if the contract was current after the 2015 payments or if the Township had overpaid.

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)

PRAIRIE TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

TOWNSHIP ASSISTANCE DISBURSEMENTS

Township assistance payments were made without an Application for Township Assistance on file in 2012 and 2013.

In 2012, there was only one disbursement of Township Assistance. Neither an application nor supporting documentation for the disbursement was presented.

In 2013, nine checks were issued for Township Assistance. Five of those disbursements were not supported by an Application for Township Assistance. For all nine of the checks, vendor invoices were not presented to support the disbursements.

Application for Township Assistance is to be completed by each person who applies for township assistance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

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)

TOWNSHIP ASSISTANCE STANDARDS

The Township Board did not establish Township Assistance Standards.

Indiana Code 12-20-5.5-1 states:

- "(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.
- (b) 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."

PRAIRIE TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

ANNUAL REPORT

The Township Board did not have the required meetings to review and adopt the Annual Report in accordance with Indiana Code 36-6-6-9 in 2012, 2014, 2015, and 2016.

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."

The Annual Financial Reports for 2012, 2014, and 2015 were not filed electronically until March 4, 2013; March 13, 2015; and March 6, 2016; respectively. This resulted in the reports being 3, 12, and 5 days late.

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."

FILING FORM 100-R

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 years 2012 through 2014. The reports were filed on March 4, 2013, February 2, 2014, and March 8, 2015, which were 32, 3, and 36 days, respectively, past the due date.

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

"Every . . . township . . . 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 in their respective offices, departments, boards, commissions, and institutions, 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. . . ."

NEPOTISM POLICY AND CERTIFICATION

The Township did not provide a Nepotism Policy for any of the years during the period.

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 of each year.

Indiana Code 36-1-20.2-9(a) states in part: "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. . . ."

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."

PRAIRIE TOWNSHIP, WARREN COUNTY
RESULTS AND COMMENTS
(Continued)

CONTRACTING POLICY AND CERTIFICATION

The Township did not provide a Contracting Policy for any of the years during the period.

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, 2014, 2015, and 2016.

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. . . ."

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."

PRAIRIE TOWNSHIP, WARREN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2017, with Nancy Little, Trustee.