

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

COMPLIANCE REPORT

OF

HARRIS TOWNSHIP

ST. JOESPH COUNTY, INDIANA

January 1, 2011 to December 31, 2015



FILED
09/12/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Results and Comments:	
Bank Reconcilements	4
Old Outstanding Checks	4
Optical Image of Checks	4
Annual Financial Report	4-5
Overdrawn Cash Balances	5
Appropriations	5-6
Township Assistance	6
Approval of Salaries	7
Contracts	7
Nepotism Certification	7
Contracting with a Unit Certification	7
Certified Report	7-8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert Wood	01-01-07 to 12-31-14
	Kenneth Lindsay	01-01-15 to 12-31-18
Chairman of the Township Board	Angela Faulkner	01-01-11 to 10-18-11
	Jeff Broadwick	10-19-11 to 12-31-13
	Kenneth Lindsay	01-01-14 to 12-31-14
	Jeff Broadwick	01-01-15 to 12-31-15
	Karen Vargo	01-01-16 to 12-31-16
	Charles Sulok	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF HARRIS TOWNSHIP, ST. JOSEPH COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Harris Township (Township), St. Joseph County, for the period January 1, 2011 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.

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

January 11, 2017

HARRIS TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS

BANK RECONCILEMENTS

As of December 31, 2015, the bank account reconciliation identified cash necessary to balance in the amount of \$148.

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."

OLD OUTSTANDING CHECKS

Checks dated from 2010 through 2012 totaling \$1,595.47 have been included on the outstanding check list.

Indiana Code 5-11-10.5-2 states in part: "All warrants or all checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

OPTICAL IMAGES

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(a) states in part:

"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). . . ."

ANNUAL FINANCIAL REPORT

The Annual Financial Reports (AFR) filed on Gateway for 2011, 2012, 2013, 2014, and 2015 contained a number of errors and did not match the Township's records.

HARRIS TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

<u>Years</u>	<u>Fund</u>	<u>Category</u>	<u>Amount per AFR</u>	<u>Amount per Township Ledger</u>	<u>Difference</u>
2011	Payroll Deductions	Receipt	\$ -	\$ 11,191.02	\$(11,191.02)
2011	Payroll Deductions	Disbursement	-	11,191.02	(11,191.02)
2012	Payroll Deductions	Receipt	-	8,545.92	(8,545.92)
2012	Payroll Deductions	Disbursement	-	8,545.92	(8,545.92)
2013	Payroll Deductions	Receipt	-	8,333.96	(8,333.96)
2013	Payroll Deductions	Disbursement	-	8,333.96	(8,333.96)
2014	Payroll Deductions	Receipt	-	8,502.46	(8,502.46)
2014	Payroll Deductions	Disbursement	-	8,502.46	(8,502.46)
2014	Township	Receipt	9,944.47	10,167.31	(222.84)
2014	Township	Ending Balance	592,142.47	592,365.31	(222.84)
2014	Township Assistance	Receipt	21,810.95	21,888.69	(77.74)
2014	Township Assistance	Ending Balance	(15,409.43)	(15,331.69)	(77.74)
2014	Fire Fighting	Receipt	-	7,823.56	(7,823.56)
2014	Fire Fighting	Disbursement	-	5,002.03	(5,002.03)
2014	Fire Fighting	Ending Balance	-	2,821.53	(2,821.53)
2014	Ambulance Billing	Receipt	-	82.87	(82.87)
2014	Ambulance Billing	Ending Balance	-	82.87	(82.87)

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

OVERDRAWN CASH BALANCES

The following funds had overdrawn cash balances at December 31:

<u>Year</u>	<u>Fund</u>	<u>Amount Overdrawn</u>
2014	Township Assistance	\$ (15,331.69)

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines for Townships, Chapter 1)

APPROPRIATIONS

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

HARRIS TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2011	Township Assistance	\$ (7,531.75)
2011	Rainy Day	(8,658.41)
2013	Township Assistance	(3,285.77)
2014	Township Assistance	(21,350.19)

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

Township Assistance Standards

The Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2011 through 2014.

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."

Township Assistance Disbursements

Payments were made without an Application for Township Assistance on file, overpayments were made, and 20 percent of tested payments did not have vendor invoices to support the payments.

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 audit 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)

HARRIS TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

APPROVAL OF SALARIES

The Township did not adopt a resolution establishing salaries of Township officers and employees for 2014 and 2015.

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

"The township legislative body shall fix the:

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

of all officers and employees of the township."

CONTRACTS

Payments made for mowing services were not supported by written contracts for 2011 through 2015.

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)

NEPOTISM CERTIFICATION

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, 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 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."

CERTIFIED REPORT

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 2011 and 2012. The 2011 report was filed on March 12, 2012, which is 11 days past the due date. The 2012 report was filed on March 28, 2013, which is 27 days past the due date.

HARRIS TOWNSHIP, ST. JOSEPH COUNTY
RESULTS AND COMMENTS
(Continued)

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. . . ."

HARRIS TOWNSHIP, ST. JOSEPH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on January 11, 2017, with Kenneth Lindsay, Trustee, and Karen Vargo, Township Board member.