

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

COMPLIANCE REPORT

OF

GREENE TOWNSHIP

WAYNE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
09/27/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Rebecca Brown	01-01-11 to 12-31-18
Chairman of the Township Board	Frank Monroe	01-01-12 to 01-11-14
	Stephen Nocton	01-12-14 to 12-31-14
	Alex Nocton	01-01-15 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Greene 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 non-compliance 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

March 2, 2017

GREENE TOWNSHIP, WAYNE COUNTY  
RESULTS AND COMMENTS

***INTERNET SERVICE***

The Township office was located in the home of the Trustee. The Township paid 100 percent of the of the internet service for the years 2012, 2013, 2014, and 2015. The internet basic service fee was \$73 per month. Internet service basic fees paid by the Township for the period January 1, 2012 to November 30, 2015, totaled \$3,431. (The payment for December 2015 was paid in January 2016)

Based on the criteria documented above, the Trustee was entitled to be reimbursed for 50 percent of the base cost of service or \$1,715.50 (\$36.50 per month for 47 months).

The Indiana State Board of Accounts will not take audit exception to reasonable expenditures if: . . .

The only township office is in the home. Up to 100% of cost of a computer and up to 50% of the base monthly Internet service billing may be reimbursed for township business if approved by the township board in accordance with IC 36-6-8-3 . . . (Township Bulletin and Uniform Compliance Guidelines, Volume 283)

We requested that Rebecca Brown (Brown), Trustee, reimburse the Township for the excess reimbursement of internet service fees totaling \$1,715.50. Reimbursement of \$532.92 was made by Brown on September 18, 2017 to the Township. (See Summary of Charges, page 12)

***UNALLOWABLE DISBURSEMENTS***

Unallowable disbursements in the amount of \$505.69 were paid for by the Township. Disbursements were made for a tablet, several iPad cases, iPhone case, several USB chargers, backpack, children's books, supplies, etc., that were considered personal in nature.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses 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)

We requested that Brown reimburse the Township for the unallowable disbursements paid by the Township in the amount of \$505.69. (See Summary of Charges, page 12)

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Township paid late payment fees in the amount of \$211.73 for failure to remit payroll taxes and vendor 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)

We requested that Brown reimburse the Township for penalties and interest paid in the amount of \$211.73. (See Summary of Charges, page 12)

GREENE TOWNSHIP, WAYNE COUNTY  
RESULTS AND COMMENTS  
(Continued)

***UNDOCUMENTED MILEAGE CLAIM***

The Trustee received mileage reimbursements in 2013 of \$200. No supporting documentation was presented for this reimbursement.

Mileage Claim Form Number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

We requested that Brown reimburse the Township for the undocumented travel reimbursement she received in the amount of \$200. (See Summary of Charges, page 12)

***UNDERPAYMENT OF SALARY***

The Trustee's salary paid was \$1,600 less than the amount established in the salary resolution for 2014.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The underpayment from 2014 is recognized as a credit against other charges identified during this engagement. (See Summary of Charges, page 12)

***UNDOCUMENTED DISBURSEMENTS***

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records in 2014 and 2015. Many disbursements had no supporting invoice. Other disbursements were paid from a statement rather than an original invoice.

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)

***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 REPORT ABSTRACTS NOT PUBLISHED***

The abstract reports were not published in accordance with Indiana Code 36-6-4-13 for 2015.

GREENE TOWNSHIP, WAYNE COUNTY  
RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-6-4-13(b) states:

"Within four (4) weeks after the third Tuesday following the first Monday in February, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1. The abstract must state that a complete and detailed annual report and the accompanying vouchers showing the names of persons paid money by the township have been filed with the county auditor, and that the chairman of the township legislative body has a copy of the report that is available for inspection by any taxpayer of the township."

***CERTIFIED REPORT (FORM 100-R) NOT FILED TIMELY***

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 the year 2014. The report was filed on February 11, 2015, which was 11 days 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. . . ."

***FAILURE TO ENTER INTO CONTRACTS***

Payments were made for mowing and fire protection services without contracts in 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)

***FAILURE TO PROPERLY REMIT PAYROLL TAXES***

The total gross wages reported on Form W-2s, Wage and Tax Statement, did not agree with the total gross wages reported on Form 941, Employer's Quarterly Federal Tax Return for 2012 and 2014. The Trustee did not remit payroll taxes to the Internal Revenue Service for the fourth quarter of 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 Manual for Townships, Chapter 1)

GREENE TOWNSHIP WAYNE COUNTY  
RESULTS AND COMMENTS  
(Continued)

**PAYROLL DEDUCTIONS**

Prior Report B41574 indicated that social security was withheld from employees' 2011 salaries at the rate of 6.2 percent rather than the reduced rate of 4.2 percent. The Township did not reimburse the employees for 2 percent of the employee salary.

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)

**OVERSPENT APPROPRIATIONS**

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

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Township Assistance	2012	\$ 7,014

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."

**INSUFFICIENT OFFICIAL'S BOND**

The Trustee's Surety Bond of \$15,000 for the year 2012 was insufficient per the Indiana Code.

Indiana Code 5-4-1-18 states in part:

"(a) . . . the following individuals shall file and maintain an individual surety bond . . .

(4) Township Trustees. . . .

(d) . . . the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

(1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).

(2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee. . . ."

GREENE TOWNSHIP, WAYNE COUNTY  
RESULTS AND COMMENTS  
(Continued)

***NEPOTISM POLICY***

The Township did not have a Nepotism Policy for 2012 and 2013. The Township established a Nepotism Policy on September 23, 2014.

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. . . ."

***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, December 31, 2013, December 31, 2014, and December 31, 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, 2013, and 2014. The Township established a Contracting Policy on September 23, 2014.

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. . . ."

***ANNUAL CONTRACTING 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, December 31, 2013, December 31, 2014, and December 31, 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."

***TOWNSHIP ASSISTANCE APPLICATIONS***

Township Assistance disbursements made in February 2015 to three different recipients were not supported by an Application for Township Assistance (Form TA-1) and/or an Application for Additional or Continuing Township Assistance (Form TA-1B).

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)

Application for Additional or Continuing Township Assistance should be completed for additional or continuing township assistance. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 7)

GREENE TOWNSHIP, WAYNE COUNTY  
RESULTS AND COMMENTS  
(Continued)

**FAILURE TO ESTABLISH 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."

**INTERNAL CONTROL DEFICIENCIES**

The Trustee was responsible for all aspects of the Township's financial activity. This responsibility included preparing checks, maintaining the Township's financial ledgers, depositing cash collections, reconciling depository balances, and monitoring budget compliance. The Township's internal control structure failed to provide for any oversight over the accounting functions and procedures. Failure to establish an internal control structure that included reasonable reviews and other comprehensive oversight responsibilities related to the accounting functions of the Township resulted in a number of errors and irregularities to occur and not be identified in a timely manner.

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

GREENE TOWNSHIP, WAYNE COUNTY  
RESULTS AND COMMENTS  
(Continued)

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

**OFFICIAL'S BOND**

*Public Official Bond*

Brown was covered by public official bonds for the position of Greene Township Trustee in the amounts of \$15,000 for 2012 and \$30,000 per year for 2013, 2014, and 2015.

GREENE TOWNSHIP, WAYNE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 2, 2017, with Rebecca Brown, Trustee.

GREENE TOWNSHIP, WAYNE COUNTY  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Rebecca Brown, Trustee:			
Internet Service, page 4	\$ 1,715.50	\$ 532.92	\$ 1,182.58
Unallowable Disbursements, page 4	505.69	-	505.69
Penalties, Interest, and Other Charges, page 4	211.73	-	211.73
Undocumented Mileage Claim, page 5	200.00	-	200.00
Underpayment of Salary, page 5	-	1,600.00	(1,600.00)
	<u>          </u>	<u>          </u>	<u>          </u>
Totals	<u>\$ 2,632.92</u>	<u>\$ 2,132.92</u>	<u>\$ 500.00</u>

This report was forwarded to the Office of the Indiana Attorney General.

AFFIDAVIT

STATE OF INDIANA            )  
  )  
WAYNE COUNTY)

I, Stephanie Heath, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Greene Township, Wayne County, Indiana, for the period from January 1, 2012 to December 31, 2015, is true and correct to the best of my knowledge and belief.

Stephanie Heath  
Field Examiner

Subscribed and sworn to before me this 18<sup>th</sup> day of September, 2017.

Kimberly S. Klingman  
Notary Public

My Commission Expires: 10-18-2017  
County of Residence: Wayne

