

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

COMPLIANCE REPORT

OF

BONO TOWNSHIP

LAWRENCE COUNTY, INDIANA

January 1, 2010 to December 31, 2016



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	George T. Wilcox Michelle L. Porter	01-01-07 to 12-31-10 01-01-11 to 12-31-18
Chairman of the Township Board	Hugh Gresham Jon Malott	01-01-10 to 12-31-10 01-01-11 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BONO TOWNSHIP, LAWRENCE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Bono Township (Township), Lawrence County, for the period January 1, 2010 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

July 31, 2017

BONO TOWNSHIP, LAWRENCE COUNTY
RESULTS AND COMMENTS

OVERPAYMENT OF COMPENSATION

The prior Trustee, Township Board members, and the prior Township Clerk were not paid in accordance to the salary resolution for 2010. Amounts overpaid are:

<u>Name</u>	<u>Position</u>	<u>Amount Paid</u>	<u>Amount Approved</u>	<u>Overpayment</u>
George Wilcox	Trustee	\$ 3,825.86	\$ 3,568.00	\$ 257.86
Carol Roop	Clerk	1,336.32	1,287.00	49.32
William Magner	Board	270.71	260.00	10.71
Hugh Gresham	Board	270.71	260.00	10.71
Harry Smith	Board	270.71	260.00	10.71

We advised the Trustee to have the Township request reimbursement from the prior Trustee, Township Board members, and prior Township Clerk.

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 paid in a manner that will facilitate compliance with state and federal reporting requirements.

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$256.36 were paid in 2010 to the Internal Revenue Service for not filing reports and/or not filing reports timely.

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)

DEPOSITORY RECONCILIATIONS

Bank balances did not agree to book balances at December 31, 2010. All other years did balance; however, there was no evidence monthly bank reconciliations were being conducted.

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."

BONO TOWNSHIP, LAWRENCE COUNTY
RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

The Annual Financial Report (AFR) filed on Gateway for 2014, 2015, and 2016, did not match the Township's records.

Years	Fund	Category	Amount per AFR	Amount per Township Ledger	Difference
2011	Payroll Withholding	Ending Balance	\$ -	\$ 121.14	\$ (121.14)
2012	Payroll Withholding	Beginning Balance	-	121.14	(121.14)
2014	Payroll Withholding	Receipts	-	486.21	(486.21)
2014	Payroll Withholding	Disbursements	-	486.21	(486.21)
2015	Payroll Withholding	Receipts	-	491.94	(491.94)
2015	Payroll Withholding	Ending Balance	-	491.94	(491.94)
2016	Payroll Withholding	Beginning Balance	-	491.94	(491.94)
2016	Payroll Withholding	Receipts	-	502.76	(502.76)
2016	Payroll Withholding	Disbursements	-	491.94	(491.94)
2016	Payroll Withholding	Ending Balance	-	502.76	(502.76)

A similar comment appeared in prior Report B36288.

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)

DEPOSITS NOT MADE TIMELY

Two receipts in 2010 were deposited later than the first and fifteenth of the month.

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 2016.

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."

BONO TOWNSHIP, LAWRENCE COUNTY
RESULTS AND COMMENTS
(Continued)

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, 2014, 2015, and 2016.

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, 2015, and 2016.

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."

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) with the Indiana State Board of Accounts for 2014. The report was filed on February 5, 2015, which is 5 days past the due date of January 31.

Indiana Code 5-11-13-1 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 written or printed certified report, correctly and completely showing the names and 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. . . ."

Bono Township

Michelle L. Porter, Trustee

This is in reply to the State Board of Accounts Audit of Bono Township for the years 2010 thru 2016.

1. I will only answer for the things I did wrong, not for the former trustee.
2. Depository reconciliation: the books have balanced every month i have been in office. I did not know that I had to write it on the back of the bank statement since the bank statement showed the same balance as the trustee book.
3. Annual financial report in gateway: I did not know what to do with payroll taxes withheld in Gateway. I did ask someone if it was a debt and they said no, but didn't tell me to add it as an account in Gateway. This will be corrected.
4. Nepotism: we have adopted a policy on Nepotism. I did not realize that we also had to have a certification. this will be corrected.

Michelle L. Porter

Bono Township Trustee

BONO TOWNSHIP, LAWRENCE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 31, 2017, with Michelle L. Porter, Trustee.