

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

COMPLIANCE REPORT

OF

MORGAN TOWNSHIP

OWEN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
10/02/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------------|------------------|----------------------|
| Trustee | Patricia Flowers | 01-01-11 to 12-31-18 |
| Chairman of the Township Board | Tina Jackson | 01-01-12 to 12-31-17 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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TO: THE OFFICIALS OF MORGAN TOWNSHIP, OWEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Morgan Township (Township), Owen 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

July 27, 2017

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS

OVERPAYMENT OF COMPENSATION

Patricia Flowers (Flowers), Trustee, was paid without withholding the proper amounts from her payroll checks in 2012 through 2016. In addition, in 2015 and 2016, Flowers received additional payments above her approved salary. The total amount of overpayment of compensation is shown in the table below:

| Years | Taxes Not Properly Withheld | Amount Overpaid | Totals |
|--------|--------------------------------|--------------------|--------------------|
| 2012 | \$ 406.80 | \$ - | \$ 406.80 |
| 2013 | 144.54 | - | 144.54 |
| 2014 | 144.54 | - | 144.54 |
| 2015 | 550.80 | 1,200.00 | 1,750.80 |
| 2016 | 550.80 | 1,000.00 | 1,550.80 |
| Totals | <u>\$ 1,797.48</u> | <u>\$ 2,200.00</u> | <u>\$ 3,997.48</u> |

Flowers was requested to reimburse the Township in the amount of \$3,997.48 for overpayment of compensation. (See Summary of Charges, page 15)

Township Board members and the prior Township Clerk were paid without withholding the proper amounts in 2012, 2014, 2015, and 2016 which resulted in overpayments. The total amount of overpayment of compensation is shown in the table below:

| Rebecca Pinkerton | |
|-------------------|--------------|
| Years | Amount |
| 2012 | \$ 35.32 |
| 2014 | 10.00 |
| 2015 | 10.00 |
| 2016 | <u>10.00</u> |

Total Overpayments \$ 65.32

| Tina Jackson | |
|--------------|--------------|
| Years | Amount |
| 2012 | \$ 35.32 |
| 2014 | 10.00 |
| 2015 | 10.00 |
| 2016 | <u>10.00</u> |

Total Overpayments \$ 65.32

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

| Lloyd Lucas | |
|--------------------|----------|
| Years | Amount |
| 2012 | \$ 35.32 |
| 2014 | 10.00 |
| Total Overpayments | \$ 45.32 |

| Kristin Woodruff | |
|--------------------|----------|
| Years | Amount |
| 2015 | \$ 10.00 |
| 2016 | 10.00 |
| Total Overpayments | \$ 20.00 |

| Adolphus Dalton | |
|-----------------|----------|
| Year | Amount |
| 2012 | \$ 48.03 |

We advise the Trustee to have the Township request reimbursement from each Township Board member 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. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

DEPOSITORY RECONCILIATIONS

The same comment also appeared in prior Reports B42337 and B36916.

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations did not balance.

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."

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT ERRORS

The same comment also appeared in prior Report B42337.

The Annual Financial Report (AFR) filed on Gateway for 2012, 2013, 2014, 2015, and 2016, did not match the Township's records. Adjustments were recommended and approved by the Trustee.

| Years | Fund | Category | Amount per AFR | Amount per Township Ledger | Difference |
|-------|---------------------|-------------------|-------------------|-------------------------------|---------------|
| 2012 | Township | Receipts | \$ 16,518.84 | \$ 19,576.93 | \$ (3,058.09) |
| 2012 | Township | Disbursements | 17,319.83 | 15,830.60 | 1,489.23 |
| 2012 | Township | Ending Balance | 431.08 | 4,978.40 | (4,547.32) |
| 2012 | Township Assistance | Receipts | 8,007.84 | 4,791.29 | 3,216.55 |
| 2012 | Township Assistance | Disbursements | 7,907.94 | 7,310.23 | 597.71 |
| 2012 | Township Assistance | Ending Balance | 984.19 | (1,634.65) | 2,618.84 |
| 2012 | Fire Fighting | Receipts | 2,731.21 | 2,726.95 | 4.26 |
| 2012 | Fire Fighting | Ending Balance | 840.15 | 835.89 | 4.26 |
| 2012 | Cumulative Fire | Ending Balance | 16,100.66 | 16,090.71 | 9.95 |
| 2013 | Township | Beginning Balance | 431.08 | 4,978.40 | (4,547.32) |
| 2013 | Township | Receipts | 13,391.47 | 16,870.56 | (3,479.09) |
| 2013 | Township | Disbursements | 28,607.43 | 28,147.63 | 459.80 |
| 2013 | Township | Ending Balance | (14,784.88) | (6,298.67) | (8,486.21) |
| 2013 | Township Assistance | Beginning Balance | 984.19 | (1,634.65) | 2,618.84 |
| 2013 | Township Assistance | Receipts | 9,634.76 | 5,671.68 | 3,963.08 |
| 2013 | Township Assistance | Disbursements | 10,791.49 | 11,405.42 | (613.93) |
| 2013 | Township Assistance | Ending Balance | (172.54) | (7,368.39) | 7,195.85 |
| 2013 | Fire Fighting | Beginning Balance | 840.15 | 835.89 | 4.26 |
| 2013 | Fire Fighting | Receipts | 2,768.92 | 2,767.12 | 1.80 |
| 2013 | Fire Fighting | Disbursements | 3,609.07 | 12,000.00 | (8,390.93) |
| 2013 | Fire Fighting | Ending Balance | - | (8,396.99) | 8,396.99 |
| 2013 | Cumulative Fire | Beginning Balance | 16,100.66 | 16,090.71 | 9.95 |
| 2013 | Cumulative Fire | Receipts | 11,028.79 | 11,030.59 | (1.80) |
| 2013 | Cumulative Fire | Disbursements | 9,528.86 | - | 9,528.86 |
| 2013 | Cumulative Fire | Ending Balance | 17,600.59 | 27,121.30 | (9,520.71) |
| 2014 | Township | Beginning Balance | (14,784.88) | (6,298.67) | (8,486.21) |
| 2014 | Township | Receipts | 11,813.29 | 15,717.05 | (3,903.76) |
| 2014 | Township | Disbursements | 13,098.22 | 12,607.21 | 491.01 |
| 2014 | Township | Ending Balance | (16,069.81) | (3,188.83) | (12,880.98) |
| 2014 | Township Assistance | Beginning Balance | (172.54) | (7,368.39) | 7,195.85 |
| 2014 | Township Assistance | Receipts | 13,372.27 | 9,227.00 | 4,145.27 |
| 2014 | Township Assistance | Disbursements | 9,560.50 | 9,557.50 | 3.00 |
| 2014 | Township Assistance | Ending Balance | 3,639.23 | (7,698.89) | 11,338.12 |
| 2014 | Fire Fighting | Beginning Balance | - | (8,396.99) | 8,396.99 |
| 2014 | Fire Fighting | Disbursements | 2,833.25 | 12,000.00 | (9,166.75) |
| 2014 | Fire Fighting | Ending Balance | - | (17,563.74) | 17,563.74 |
| 2014 | Cumulative Fire | Beginning Balance | 17,600.59 | 27,121.30 | (9,520.71) |
| 2014 | Cumulative Fire | Receipts | 11,073.88 | 11,074.88 | (1.00) |
| 2014 | Cumulative Fire | Disbursements | 9,166.75 | - | 9,166.75 |
| 2014 | Cumulative Fire | Ending Balance | 19,507.72 | 38,196.18 | (18,688.46) |
| 2015 | Township | Beginning Balance | 3,590.64 | (3,188.83) | 6,779.47 |
| 2015 | Township | Receipts | 18,234.14 | 22,898.97 | (4,664.83) |
| 2015 | Township | Disbursements | 13,579.26 | 14,274.81 | (695.55) |

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

| Years | Fund | Category | Amount per AFR | Amount per Township Ledger | Difference |
|-------|---------------------|-------------------|-------------------|-------------------------------|-------------|
| 2015 | Township | Ending Balance | 8,245.52 | 5,435.33 | 2,810.19 |
| 2015 | Township Assistance | Beginning Balance | 3,942.18 | (7,698.89) | 11,641.07 |
| 2015 | Township Assistance | Receipts | 5,345.41 | 659.06 | 4,686.35 |
| 2015 | Township Assistance | Disbursements | 6,787.35 | 6,407.05 | 380.30 |
| 2015 | Township Assistance | Ending Balance | 2,500.24 | (13,446.88) | 15,947.12 |
| 2015 | Fire Fighting | Beginning Balance | - | (17,563.74) | 17,563.74 |
| 2015 | Fire Fighting | Ending Balance | 2,961.96 | (14,601.78) | 17,563.74 |
| 2015 | Cumulative Fire | Beginning Balance | 19,507.72 | 38,196.18 | (18,688.46) |
| 2015 | Cumulative Fire | Ending Balance | 18,615.03 | 37,303.49 | (18,688.46) |
| 2016 | Township | Beginning Balance | 8,245.52 | 5,435.33 | 2,810.19 |
| 2016 | Township | Receipts | 14,761.88 | 17,804.89 | (3,043.01) |
| 2016 | Township | Disbursements | 13,104.84 | 14,431.36 | (1,326.52) |
| 2016 | Township | Ending Balance | 9,902.56 | 8,808.86 | 1,093.70 |
| 2016 | Township Assistance | Beginning Balance | 2,500.24 | (13,446.68) | 15,946.92 |
| 2016 | Township Assistance | Receipts | 8,691.42 | 6,692.38 | 1,999.04 |
| 2016 | Township Assistance | Disbursements | 6,082.66 | 6,080.46 | 2.20 |
| 2016 | Township Assistance | Ending Balance | 5,109.00 | (12,834.96) | 17,943.96 |
| 2016 | Fire Fighting | Beginning Balance | 2,961.96 | (14,601.78) | 17,563.74 |
| 2016 | Fire Fighting | Receipts | 3,027.25 | 3,029.49 | (2.24) |
| 2016 | Fire Fighting | Disbursements | 6,010.79 | 6,000.00 | 10.79 |
| 2016 | Fire Fighting | Ending Balance | (21.58) | (17,572.29) | 17,550.71 |
| 2016 | Cumulative Fire | Beginning Balance | 18,615.03 | 37,303.49 | (18,688.46) |
| 2016 | Cumulative Fire | Receipts | 11,512.07 | 11,518.83 | (6.76) |
| 2016 | Cumulative Fire | Disbursements | 5,989.21 | 6,000.00 | (10.79) |
| 2016 | Cumulative Fire | Ending Balance | 24,137.89 | 42,822.32 | (18,684.43) |

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)

CONDITION OF RECORDS

The same comment also appeared in prior Report B36916.

There were numerous posting errors to the ledger. Receipts and disbursements were not always properly posted to the funds and/or posted correctly. Adjustments were recommended and approved by the Trustee.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

APPROPRIATIONS

The same comment also appeared in prior Reports B42337 and B36916.

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

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

| Years | Fund | Excess Amount Disbursed |
|-------|---------------------|----------------------------|
| 2012 | Township | \$ 2,885.60 |
| 2012 | Township Assistance | 927.23 |
| 2013 | Township | 14,037.63 |
| 2013 | Township Assistance | 4,905.42 |
| 2013 | Fire Fighting | 8,000.00 |
| 2014 | Township Assistance | 3,057.50 |
| 2014 | Fire Fighting | 8,000.00 |
| 2015 | Township | 10,716.81 |
| 2015 | Township Assistance | 212.05 |
| 2016 | Township | 1,231.36 |

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."

OVERDRAWN CASH

The same comment also appeared in prior Report B36916.

The following funds had overdrawn cash balances at December 31:

| Years | Fund | Amount Overdrawn |
|-------|---------------------|---------------------|
| 2012 | Township Assistance | \$ 1,634.65 |
| 2013 | Township | 6,298.67 |
| 2013 | Township Assistance | 7,368.39 |
| 2013 | Fire Fighting | 8,396.99 |
| 2014 | Township | 3,188.83 |
| 2014 | Township Assistance | 7,698.89 |
| 2014 | Fire Fighting | 17,563.74 |
| 2015 | Township Assistance | 13,446.88 |
| 2015 | Fire Fighting | 14,601.78 |
| 2016 | Township Assistance | 12,834.96 |
| 2016 | Fire Fighting | 17,572.29 |

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 Manual for Townships, Chapter 1)

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

APPROVAL OF SALARIES

The Township Board did not establish the salaries of Township officers and employees for 2012, 2013, 2014 or 2015.

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."

ADVANCE PAYMENTS

The same comment also appeared in prior Report B42337.

The Township paid a total of \$27,196.96 in advance of services rendered for 2012, 2013, 2014, 2015, and 2016.

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONTRACTS

Contracts for fire protection for 2014 were not presented.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$2,921.14 were paid 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)

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

UNDOCUMENTED TOWNSHIP ASSISTANCE PAYMENTS

Of the Township Assistance payments totaling \$6,056.59 were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records.

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)

FAILURE TO ESTABLISH TOWNSHIP ASSISTANCE STANDARDS

The Township Board did not establish Township Assistance Standards for 2012, 2013, 2014, 2015, or 2016.

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."

NEPOTISM POLICY

The Township did not have a Nepotism Policy for 2012 or 2013.

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. . . ."

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, and 2015.

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

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 POLICY

The Township did not have a Contracting Policy for 2012 and 2013.

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, 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."

ANNUAL FINANCIAL REPORT FILED LATE

The same comment also appeared in prior Reports B42337.

The Annual Financial Report was not filed electronically for 2012, 2013, 2014, and 2016 until April 5, 2013, March 3, 2014, March 12, 2015, and March 14, 2017, respectively, which was 2, 11, and 12 days past the due date.

Indiana Code 5-11-1-4(a) states in part:

"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 . . ."

CERTIFIED REPORT FILED LATE

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 2012, 2014, and 2016. The reports were filed on June 25, 2013, February 3, 2015, and February 20, 2017, which is 145, 3, and 10 days, respectively, which was 146, 3, and 20 days past the due date.

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

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. . . ."

INACCURATE CERTIFIED REPORT

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was inaccurate for 2012, 2015, and 2016

| <u>Years</u> | <u>Amount Paid</u> | <u>Amount Reported</u> |
|--------------|------------------------|----------------------------|
| 2012 | \$ 7,200 | \$ 7,000 |
| 2015 | 8,400 | 7,200 |
| 2016 | 8,200 | 7,200 |

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. . . ."

ERRORS ON FORM W-2

The wages reported on the W-2s issued for 2012, 2013, 2014, 2015, and 2016 did not agree with the actual amounts paid to employees.

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 reported required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OFFICIAL BOND

The same comment also appeared in prior Report B36916.

The Trustee's Surety Bond was insufficient per the Indiana Code. The Trustee's official bond was for \$15,000.

MORGAN TOWNSHIP, OWEN COUNTY
RESULTS AND COMMENTS
(Continued)

| Bond Period | Amount |
|----------------------|-----------|
| 01-01-12 to 01-01-13 | \$ 15,000 |
| 01-01-13 to 01-01-14 | 15,000 |
| 01-01-14 to 01-01-15 | 15,000 |
| 01-01-15 to 01-01-16 | 15,000 |
| 01-01-16 to 01-01-17 | 15,000 |

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

". . . (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. . . ."

INTERNAL CONTROLS

The internal controls over disbursements and reporting were insufficient. Controls were in place for the Township Board to review and approve the Annual Financial Report; however, the controls in place were ineffective and did not properly prevent, or detect and correct (material) misstatements in a timely manner. Once internal controls are established, they should be monitored and assessed to ensure the quality and effectiveness.

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.

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. . . ."

MORGAN TOWNSHIP, OWEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2017, with Patricia Flowers, Trustee.

MORGAN TOWNSHIP, OWEN COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

| | <u>Charges</u> | <u>Credits</u> | <u>Balance Due</u> |
|--|--------------------|----------------|--------------------|
| Patricia Flowers, Trustee: | | | |
| Overpayment of Compensation, pages 4 and 5 | <u>\$ 3,997.48</u> | <u>\$ -</u> | <u>\$ 3,997.48</u> |

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

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AFFIDAVIT

STATE OF INDIANA)
Vigo COUNTY)

I, Gina Gambaiani, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of Morgan Township, Owen County, Indiana, for the period from January 1, 2012 to December 31, 2016, is true and correct to the best of my knowledge and belief.

Gina Gambaiani
Field Examiner

Subscribed and sworn to before me this 23 day of August, 2017.

Michelle Edwards
Notary Public

My Commission Expires: 9-13-2020

County of Residence: VIGO