

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
MADISON TOWNSHIP
MORGAN COUNTY, INDIANA
January 1, 2012 to December 31, 2016



FILED
10/18/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	James Bolin Scott McDonough	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Mike Lang James Miles Kenneth Johnson James G Johnson	01-01-12 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MADISON TOWNSHIP, MORGAN COUNTY, INDIANA

This report is supplemental to our examination report of Madison Township (Township), for the period from January 1, 2012 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

August 30, 2017

MADISON TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS

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 the year 2012. The report was filed on February 4, 2013, which is four days past the due date of January 31.

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. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. . . ."

DEPOSITORY RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation contained errors and did not balance at December 31, 2012, 2013, and 2014. The bank account balance was \$955.68 less than the ledger in 2012, \$410 less than the ledger in 2013, and \$1,803.15 less than ledger in 2014.

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."

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)

DEPOSITS NOT MADE TIMELY

Receipts were deposited later than the first and fifteenth of the month. Deposits were made to up six days late in 2012, and one day late in 2014.

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. . . ."

FAILURE TO PUBLISH ABSTRACT REPORT

Records presented for examination do not indicate the Annual Report for 2012 was advertised in 2013.

Indiana Code 36-6-4-13(b) states in part: "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. . . ."

MADISON TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

TOWNSHIP ASSISTANCE STANDARDS

Records presented for examination did not indicate Township Assistance standards were reviewed and updated annually in 2012, 2013, and 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 o processed."

UNDOCUMENTED EXPENSES

Disbursements totaling \$1,386.76 were observed, which did not contain adequate supporting documentation, such as receipts, invoices, and other public records on credit card payments.

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)

PENALTIES AND INTEREST

The Township paid penalties and interest charges in the amount of \$28.57 for failure to remit payments on a timely basis in 2012.

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)

MADISON TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

INSUFFICIENT OFFICIAL'S BOND

The Trustee was bonded for \$15,000, which was insufficient per the Indiana Code 5-4-1-18 (\$30,000) for 2012, 2013, and 2014. In addition, the official's bond for 2014 was not recorded in the County Recorder's office.

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

". . . 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. . . ."

Indiana Code 5-4-1-5.1(b) states in part:

"Every elected or appointed officer, official, deputy, employee, or contractor of a political subdivision who is required by section 18 of this chapter to file an official bond for the faithful performance of duty, . . . shall file the bond with the fiscal officer of the political subdivision and in the office of the county recorder in the county of office or employment of the officer, official, deputy, employee, or contractor. . . ."

OVERSPENT APPROPRIATIONS

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

Years	Fund	Excess Amount Disbursed
2012	Fire Fighting	\$ 104,519
2014	Fire Building Debt	15,437
2014	Fire Debt Service	28

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."

IMPROPER RAINY DAY TRANSFER

Township Assistance funds in the amount of \$24,632 were transferred to the Rainy Day fund on December 10, 2014.

MADISON TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 12-20-21-3 states:

"(a) Except as provided in section 3.2 of this chapter, a township trustee and township board may levy a specific tax for the purpose of providing money for the payment of township assistance expenses in the following year. The tax may be sufficient to meet the entire requirement of the township in the following year or the part that is determined to be proper.

(b) Except as provided in section 3.2 of this chapter, if a tax levy is established under subsection (a), all proceeds derived from the tax levy shall be distributed to the township at the same time and in the same manner as proceeds from other property tax levies are distributed to the township. The proceeds of the tax levy shall be held by the township in its township assistance account free and available for the payment of township assistance obligations of the township. The funds are continuing funds and do not revert to any other fund at the end of the year."

SALARY PAYMENTS NOT IN ACCORDANCE WITH SALARY RESOLUTION

The salary paid to employees was not in accordance with the salary resolution. The 2013 Salary Resolution approved firefighters to be paid an hourly rate of \$11.55. The firefighters were paid according to the Salary Resolution through August 4, 2013. Beginning August 5, 2013 through December 31, 2013, the firefighters were paid at a reduced hourly rate of \$11.50. Records presented for examination did not indicate the Township Board amended the Salary Resolution to reduce hourly rate.

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 made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL 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, 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."

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, 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."

MADISON TOWNSHIP, MORGAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

FAILURE TO OBTAIN TOWNSHIP ASSISTANCE APPLICATION

Township assistance payments were made without an Application for Township Assistance on file. Records presented for examination had two payments in 2012 and two in 2014 without an application.

Indiana Code 12-20-6-7(a) states:

"In a case of emergency, a trustee shall accept and promptly act upon a completed application from an individual requesting assistance. In a nonemergency request for township assistance, the trustee shall act on the completed application not later than seventy-two (72) hours after receiving the application, excluding weekends and legal holidays listed in IC 1-1-9. The trustee's office shall retain a copy of each application and affidavit whether or not relief is granted."

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)

MADISON TOWNSHIP, MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2017, with Scott McDonough, Trustee; James G. Johnson, Chairman of the Township Board; and Kelly Alcala, Township Clerk.