

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
CASS TOWNSHIP
SULLIVAN COUNTY, INDIANA
January 1, 2012 to December 31, 2016



FILED
10/20/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Todd E. Talpas	01-01-11 to 12-31-18
Chairman of the Township Board	Joe McCammon	01-01-12 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CASS TOWNSHIP, SULLIVAN COUNTY, INDIANA

This report is supplemental to our examination report of the Cass 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.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

September 5, 2017

CASS TOWNSHIP, SULLIVAN COUNTY
EXAMINATION RESULTS AND COMMENTS

GATEWAY ANNUAL FINANCIAL REPORT

The Annual Financial Reports filed on Gateway for 2013, 2014, 2015, and 2016 did not match the Township's records as shown below:

Years	Fund	Category	Amount per Gateway	Amount per Ledger	Difference
2013	Payroll Withholding	Receipts	\$ -	\$ 716	\$ (716)
2013	Payroll Withholding	End. Bal.	-	716	(716)
2014	Payroll Withholding	Beg. Bal.	-	716	(716)
2014	Payroll Withholding	End. Bal.	-	716	(716)
2014	Union Fire Protection Territory	Receipts	-	21,736	(21,736)
2014	Union Fire Protection Territory	Disbursements	-	21,316	(21,316)
2014	Union Fire Protection Territory	End. Bal.	-	420	(420)
2015	Union Fire Protection Territory	Beg. Bal.	-	420	(420)
2015	Union Fire Protection Territory	Receipts	87,558	87,138	420
2015	Payroll Withholding	Beg. Bal.	-	716	(716)
2015	Payroll Withholding	End. Bal.	-	716	(716)
2016	Union Fire Protection Territory	Beg. Bal.	-	9,251	(9,251)
2016	Union Fire Equipment Replacement	Beg. Bal.	-	11,139	(11,139)
2016	Union Fire Protection Territory	Receipts	98,543	89,292	9,251
2016	Union Fire Equipment Replacement	Receipts	61,649	50,510	11,139
2016	Payroll Withholding	Beg. Bal.	-	716	(716)
2016	Payroll Withholding	End. Bal.	-	716	(716)

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)

The adjustments in the above schedule were presented and approved by the Trustee. Adjustments were made to the Gateway report on September 5, 2017.

A similar comment also appeared in prior Report B41677.

APPROVAL OF ANNUAL REPORT

The Township Board did not approve the 2015 and 2016 Annual Reports in a timely fashion as required by Indiana Code 36-6-6-9.

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."

APPROPRIATIONS

The records presented for examination indicated the Union Fire Protection Territory fund did not have an approved budget for 2014. Total unappropriated funds spent in 2014 from the fund were \$21,316.

CASS TOWNSHIP, SULLIVAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

A similar comment also appeared in prior Report B41677.

OPTICAL CHECK IMAGES

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

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 states in part:

"(a) 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)."

ADVANCE PAYMENTS

Records presented for examination indicated that payments were made to the Trustee and Township Clerk prior to the receipt of goods or services.

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. 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)

A similar comment also appeared in prior Report B41677.

CASS TOWNSHIP, SULLIVAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

STATE AND FEDERAL AGENCIES

Payroll records presented for examination indicated that payroll taxes were not withheld and Form W-2s not issued to Township Board members, Fire Chief, and Assistant Fire Chiefs for 2012 and 2013. Payroll taxes were not withheld and Form W-2s not issued to Township Board members, Fire Territory Chief, Assistant Chiefs, Firefighters, and Secretary for 2014, 2015, and 2016.

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)

A similar comment also appeared in prior Report B41677.

FORM 100-R REPORT

The Certified Report of Names, Address, Duties, and Compensation of Public Employees (Form 100-R) was incomplete for 2012 through 2016. The 2012 and 2013 Form 100-Rs did not report the Fire Chief and Assistant Fire Chief's compensation. The 2014, 2015, and 2016 Form 100-Rs did not report the Fire Territory Chief, Assistant Chiefs, Firefighters, and Secretary's compensation.

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. . . ."

TOWNSHIP ASSISTANCE STANDARDS NOT ESTABLISHED

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2012, 2013, 2014, 2015, and 2016.

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;

CASS TOWNSHIP, SULLIVAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (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."

CREDIT CARDS

The Township and Fire Territory, for which the Township is the provider unit, used credit and debit cards to purchase items without an approved credit card policy.

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

- 1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
- 2. Issuance and use must be handled by an official or employee designated by the governing body.
- 3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
- 4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
- 5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- 6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- 7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
- 8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CASS TOWNSHIP, SULLIVAN COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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."

CASS TOWNSHIP, SULLIVAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 5, 2017, with Todd E. Talpas, Trustee.