

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

COMPLIANCE REPORT

OF

DALTON TOWNSHIP

WAYNE COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
01/16/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Donald Dishman (deceased)	01-01-11 to 05-22-17
	(Vacant)	05-23-17 to 06-30-17
	Lance Lumpkin	07-01-17 to 12-31-18
Chairman of the Township Board	Vern Vanderbilt	01-01-12 to 12-31-12
	Craig Dishman	01-01-13 to 12-31-13
	Earl Robinson	01-01-14 to 02-27-16
	Lance Lumpkin	02-28-16 to 06-30-17
	James Howell	07-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

February 9, 2017

DALTON TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT NOT FILED TIMELY

The Gateway Annual Financial Report was not filed in a timely manner for 2013. The report was filed on March 10, 2014, which was nine days late.

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

"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 in the manner prescribed under IC 5-14-3.8-7."

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 years 2012, 2013, and 2014. The reports were filed on March 19, 2013, February 20, 2013, and February 24, 2015, respectively, which was 47, 20, and 24 days past the due date.

Indiana Code 5-11-13-1(a) 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 certified report, correctly and completely showing the names and business 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. . . ."

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records in 2012, 2013, 2014, and 2015. Most of these disbursements were paid from the Township Assistance fund.

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, INTEREST, AND OTHER CHARGES

The Township paid late payment fees in the amount of \$43.50 for failure to remit phone/internet payments on a timely basis.

A similar comment appeared in prior Report B41646.

DALTON TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

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)

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;
- (3) rates of hourly pay . . .

of all officers and employees of the township."

RECORD OF WAGES PAID

It could not be determined if wages reported on the W-2 agreed with the actual amounts paid to employees since Employee's Earnings Records (General Form 99B) were not maintained.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

OFFICIAL BOND

The Trustee's Surety Bond of \$15,000 for the years 2012, 2013, 2014, and 2015 was insufficient per Indiana Code 5-4-1-18.

DALTON TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

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

"(a) Except as provided in subsection (b), the following city, town, county, or township officers and employees shall file an individual surety bond: . . .

(4) Township trustees. . . .

(c) . . .

(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. . . ."

APPROPRIATIONS

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

Years	Fund	Excess Amount Disbursed
2012	Township	\$ 1,577
2012	Fire Fighting	1,881
2013	Fire Fighting	2,015
2015	Fire Fighting	535
2015	Rainy Day	400

Indiana Code 6-1.1-18-4 states: ". . . 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."

NEPOTISM POLICY

The Township did not have a Nepotism Policy for 2012, 2013, 2014, and 2015. The Township established a Nepotism Policy on January 23, 2016.

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, December 31, 2013, December 31, 2014, and December 31, 2015.

DALTON TOWNSHIP, WAYNE 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, 2013, 2014, and 2015. The Township established a Contracting Policy on January 23, 2016.

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, 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 in 2013, 2014, and 2015 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). The Application for Township Assistance for one recipient receiving assistance in 2015 was dated December 1, 2012.

Indiana Code 12-20-6-1 states in part:

"(a) A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended. . . ."

(d) The township trustee may not extend additional or continuing aid to an individual or a household unless the individual or household files an affidavit with the request for assistance affirming how, if at all, the personal condition of the individual or the household has changed from that set forth in the individual's or household's most recent application. . . ."

TOWNSHIP ASSISTANCE STANDARDS

The Township Board did not establish Township Assistance Standards.

DALTON TOWNSHIP, WAYNE COUNTY
RESULTS AND COMMENTS
(Continued)

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."

OPTICAL IMAGE OF CHECKS

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). . . ."

DALTON TOWNSHIP, WAYNE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 9, 2017, with Donald Dishman, Trustee.