

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

COMPLIANCE REPORT

OF

CLAY TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**  
01/26/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	William D. Mitchell	01-01-11 to 12-31-18
Chairman of the Township Board	John Phillips	01-01-12 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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

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

December 13, 2017

CLAY TOWNSHIP, MORGAN COUNTY  
RESULTS AND COMMENTS

**APPROPRIATIONS**

The same comment also appeared in prior Reports B36481 and B41722.

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

<u>Years</u>	<u>Fund</u>	<u>Excess Amount</u> <u>Disbursed</u>
2012	Fire Fighting	\$ 1,583
2013	Fire Fighting	60,583
2013	Cumulative Fire	143,500
2014	Fire Fighting	31,655
2014	Cumulative Fire	9,687
2015	Fire Fighting	48,546
2016	Cumulative Fire	2,884

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, 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."

**CONTRACTS**

The same comment also appeared in prior Report B41722.

Payments were made for cemetery maintenance, mowing, without a supporting written contract for 2012, 2013, 2015, and 2016.

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

**SUPPORTING DOCUMENTATION**

The same comment also appeared in prior Reports B33910 and B36481.

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Nine out of ten claims tested did not contain supporting documentation for the years of 2012, 2013, 2014, 2015, and 2016 totaling \$11,627.88. Items without supporting documentation included office forms, supplies, tornado siren, travel mileage, accounting fees, and printer.

In addition, seven out of ten Township Assistance claims were paid during 2012, 2013, 2014, 2015, and 2016 without supporting documentation totaling \$4,600.89 for utilities and food.

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)

CLAY TOWNSHIP, MORGAN COUNTY  
RESULTS AND COMMENTS  
(Continued)

**COMPENSATION PAID TO TRUSTEE**

The Trustee was paid \$1,800 for cemetery maintenance consisting of mowing a cemetery. Payment was made by check #2779 on June 17, 2013, in the amount of \$900 and check #2808 on September 4, 2013, in the amount of \$900. Records presented showed that a 1099 was issued. Payments to the Trustee for cemetery care in 2013 were made without a conflict of interest form on file with the Indiana State Board of Accounts or on Gateway.

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances;

of all officers and employees of the township."

Conflict of interest disclosures must be completed on Gateway.

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ANNUAL FINANCIAL REPORT FILED LATE**

The Annual Financial Report for 2012, 2013, 2014, and 2015 was not filed electronically until July 1, 2013, April 7, 2014, March 2, 2015, and May 19, 2016, respectively. This was 123 days, 38 days, 2 days, and 80 days past the deadline.

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."

**REVIEW AND APPROVAL OF ANNUAL REPORT**

According to the records presented, the Township did not have the required meetings to review and adopt the Annual Report for 2012, 2013, 2014, 2015, and 2016.

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."

CLAY TOWNSHIP, MORGAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 13, 2017, with William D. Mitchell, Trustee; Kris Burns, Township Clerk; and John Phillips, Chairman of the Township Board.