

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WAYNE TOWNSHIP

HAMILTON COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
01/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Diane Crim	01-01-11 to 12-31-18
Chairman of the Township Board	Phil Belcher	01-01-14 to 12-31-15
	Stacy Mahan	01-01-16 to 12-31-16
	Phil Belcher	01-01-17 to 12-31-17
	Stacy Mahan	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Wayne Township (Township), for the period from January 1, 2014 to December 31, 2017. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Audit 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

November 26, 2018

WAYNE TOWNSHIP, HAMILTON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

There were several deficiencies in the internal control system of the Township related to financial transactions.

The Township has not separated incompatible activities related to all areas of the financial statements.

The Township adopted a resolution for internal controls; however, no evidence was apparent of internal controls throughout the course of the audit in regards to financial transactions and reporting. The Township Clerk performs the bank reconciliations, posts receipts, and posts checks (disbursements) to the financial ledger with no documentable review or oversight. The internet website, Indiana Gateway for Government Units (Gateway) financial reporting system is the collection platform for local units of government to submit required data to the State of Indiana. All Townships are required to submit their Annual Financial Report the Gateway. The Township did not have documentable controls to verify the accuracy of the financial information prior to submission.

Failure to establish these controls could allow material misstatements to go undetected.

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. . . ."

WAYNE TOWNSHIP, HAMILTON COUNTY
 AUDIT RESULTS AND COMMENTS
 (Continued)

CONDITION OF RECORDS

During a review of bank reconcilements for the audit period, we compared December 31st (end of year) ledger balances to January 1st (beginning of year) ledger balances and discovered variances in several funds. In total, the ledger agreed with the reconciled bank balances; however, the individual fund balance variances for 2014, 2015, 2016, and 2017 are noted below:

Fund	Ledger Balance December 31	Ledger Balance January 1	Variance
2014:			
Fire Fighting	\$ 508,916	\$ 517,325	\$ (8,409)
Rainy Day	38,950	30,541	8,409
2015:			
Township	61,424	167,021	(105,597)
Fire Fighting	274,269	167,310	106,959
Rainy Day	30,541	31,903	(1,362)
Emergency Fire Loan	8,456	5,503	2,953
Fire Equipment Loan	(1,868)	1,085	(2,953)
2016:			
Township	262,600	251,200	11,400
Rainy Day	114,362	125,762	(11,400)
2017:			
Township	289,773	289,417	356
Fire Fighting	188,103	187,519	584

The variance at December 31, 2017, was determined to be 3 checks totaling \$939 that were written in 2017 and not posted as of December 31, 2017.

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)

WAYNE TOWNSHIP, HAMILTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2018, with Diane Crim, Trustee; Roger Crim, Township Clerk; and Monica Hanes, Township Assistance Clerk.