

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DECATUR TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2018 to December 31, 2018



**FILED**  
08/09/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Stephen Rink	01-01-15 to 12-31-22
Chairman of the Township Board	David Knight	01-01-18 to 12-31-19
Judge	The Honorable Myron Hockman	01-01-18 to 12-31-19



**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 DECATUR TOWNSHIP, MARION COUNTY, INDIANA

This report is supplemental to our audit report of Decatur Township (Township), for the period from January 1, 2018 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the Township, which provides our opinions on the Township's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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 Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

July 11, 2019

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TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP, MARION COUNTY

TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP, MARION COUNTY  
FEDERAL FINDING

***FINDING 2018-001***

Subject: Financial Transactions and Reporting - Township Trustee

Audit Finding: Material Weakness

*Condition*

There were several deficiencies in the internal control system of the Township related to financial transactions and reporting. The Township had not separated incompatible activities related to cash and investments and receipts.

*Cash and Investments*

The Township had not designed or implemented proper segregation of duties related to cash and investments. The Township relied on one employee to prepare the bank reconciliation. The Trustee maintained a cash flow analysis which was then used to verify the reconciliation. There was no documented oversight or review of the bank reconciliations to verify that the control process was in place.

*Receipts*

The Township had not designed or implemented proper segregation of duties related to receipts. The Township also relied on one employee to process Township receipts. The Trustee maintained a cash flow analysis which was then used to verify the receipts. There was no documented oversight or review of the receipts to verify that the control process was in place.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

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:

TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP, MARION COUNTY  
FEDERAL FINDING  
(Continued)

"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. . . ."

*Cause*

Management of the Township had not established a proper system of internal control related to financial transactions and reporting.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to occur and remain undetected.

*Recommendation*

We recommended that the Township establish a system of internal controls related to financial transactions and reporting.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Clerk  
S. Jeanne Bain  
Township Board  
Sandra J. Filipovich  
LuCinda S. Freund  
Joseph L. Griffith  
David E. Knight  
Michael L. Kugelman  
Stephanie S. McGaha  
Martha Fisher-Vaughn



# Stephen C. Rink

*Decatur Township Trustee*

5410 South High School Road  
Indianapolis, Indiana 46221

Phone: (317) 856-6600  
Fax: (317) 856-1434

email: [srink@decaturfire.org](mailto:srink@decaturfire.org)

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**TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP  
RESPONSE TO FINDINGS AND  
COURSE OF ACTION  
2018 AUDIT FINDING**

**July 10, 2019**

**RE: Audit Finding 2018-001**

**CONDITION**

I take exception to the statement that "there were several deficiencies in the control system of the Township".

Every figure and entry is checked and then double checked by me to assure accuracy.

State Board of Accounts Trustee Manual states:  
Chapter 2, Duties of the Trustee;

(5) Receive and pay out Township Funds.

(6) Examine and settle all account and demands chargeable against the township.

I fulfill both of these requirements.

**1. DISBURSEMENTS:**

Every bill that is received by the township goes to the department head that is being billed. The department head must approve and initial every bill before being turned over to the clerk, who then processes a check for payment. Those checks are then given to the Trustee who approves and signs the checks.

(A) The Department head that approves the bill for payment is not the one that writes the check.

(B) The person that writes the checks is not the person that signs the check.

(C) 3 people see and approve each bill before it is paid and each department head, ie, Fire Chief, Township Clerk, Poor Relief Supervisor and Court Manager have been trained, are aware and adhere to this system.

**2. RECIEPTS:**

One person does receipt all money. 89% of our receipts are ACH or directly deposited into our bank account.

- (A) All deposits are easily tracked thru the bank statement which I review every month and match to a cash flow analysis and our township financial computer program for accuracy.
- (B) Decatur Township is not large enough to justify having more employees in the office to segregate duties or oversee work that has been done. It is my duty, as an elected official, to oversee all work.
- (C) As Trustee, I see the completed bank statement each month and match to cash flow figures and our township financial computer operating system which all must agree.

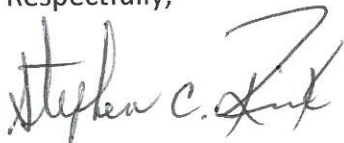
**3. CONTROL ACTIVITIES:**

Decatur Township Trustee's office employs one clerk. It is not feasible to hire additional personnel to oversee, check or do a partial workload. Therefore, I, as Trustee oversee and check all entries of cash, receipts and disbursements.

**CORRECTIVE PLAN:**

Starting immediately, with the July 2019 bank statement, which normally arrives by the 5<sup>th</sup> of the following month, I, as Trustee will begin to initial every bank statement when I review it to verify that I have in fact reviewed and checked those figures, verified deposits and match to my cash flow analysis, bank statement and township financial computer program.

Respectfully,



Stephen C. Rink  
Trustee

TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS

***TRAINING ON INTERNAL CONTROL STANDARDS***

The same comment also appeared in prior Report B53138, entitled *TRAINING ON INTERNAL CONTROL STANDARDS*.

The Trustee failed to maintain appropriate documentation verifying required personnel received the internal control training.

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 report 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](#)."

***CAPITAL ASSETS***

The Township did not provide for audit a detail listing of capital assets included on the 2018 Schedule of Capital Assets.

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Clerk  
S. Jeanne Bain  
Township Board  
Sandra J. Filipovich  
LuCinda S. Freund  
Joseph L. Griffith  
David E. Knight  
Michael L. Kugelman  
Stephanie S. McGaha  
Martha Fisher-Vaughn



# Stephen C. Rink

*Decatur Township Trustee*

5410 South High School Road  
Indianapolis, Indiana 46221

Phone: (317) 856-6600  
Fax: (317) 856-1434

email: [srink@decaturfire.org](mailto:srink@decaturfire.org)

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**TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP  
OFFICIAL RESPONSE  
2018 Audit Comments**

**TRAINING ON INTERNAL CONTROLS STANDARDS**

The Trustee, all Township employees, that come in contact with receipts or disbursements and the Township Board were trained by watching the State Board of Accounts video as well as training from the Trustee on our Internal Control Structure, Standards and procedures. Each employee then signed the State Board of Account form stating they have been trained and understand. Those forms were in my control and I was unaware that they needed to be kept. I have the same employees at this time and they will all review and sign new forms.

**CAPITAL ASSETS**

We have always kept a detailed listing of Capital Assets and it was presented to the Auditors during our audit of 2012-2016. In 2017 we did a complete Insurance audit with our Insurance Carrier and that detailed listing was given to them to confirm our coverage. From that point it was misplaced. We have started a new and updated detailed listing which should be finished within 90 days.

Respectfully,

Stephen C. Rink  
Trustee

TOWNSHIP TRUSTEE  
DECATUR TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2019, with Stephen Rink, Trustee; David Knight, Chairman of the Township Board; and Pascal Arnes, Fire Chief.

TOWNSHIP SMALL CLAIMS COURT  
DECATUR TOWNSHIP, MARION COUNTY

TOWNSHIP SMALL CLAIMS COURT  
DECATUR TOWNSHIP, MARION COUNTY  
FEDERAL FINDING

***FINDING 2018-002***

Subject: Financial Transactions and Reporting - Small Claims Court  
Audit Finding: Material Weakness

*Condition*

There were several deficiencies in the internal control system of the Small Claims Court (Court) related to financial transactions and reporting. The Court had not separated incompatible activities related to cash and investments and disbursements.

*Cash and Investments*

The Court had not designed or implemented proper segregation of duties related to cash and investments. The Court relied on one employee to prepare the bank reconciliations each month. There was no oversight or review of the bank reconciliations.

*Disbursements*

The Court had not designed or implemented proper segregation of duties related to disbursements. The Court relied on one employee to process Court disbursements. There was no oversight or review of disbursements before payment was made.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period.

*Criteria*

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:

TOWNSHIP SMALL CLAIMS COURT  
DECATUR TOWNSHIP, MARION COUNTY  
FEDERAL FINDING  
(Continued)

"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. . . ."

*Cause*

Management of the Court had not established a proper system of internal control related to financial transactions and reporting.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to occur and remain undetected. The failure to monitor the internal control system placed the Court at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

*Recommendation*

We recommended that the Court establish a system of internal controls over financial transactions and reporting related to cash and investments and disbursements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

# Decatur Township Small Claims Court

Of Marion County, Indiana  
3730 S. Foltz Street  
Indianapolis, IN 46221  
(317) 241-2854

**Myron Hockman, Judge**  
**Darrell McGaha, Constable**

## TOWNSHIP SMALL CLAIMS COURT DECATUR TOWNSHIP OFFICIAL RESPONSE

### CORRECTIVE ACTION PLAN

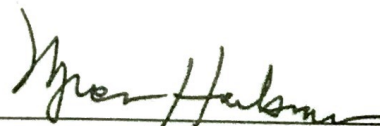
***FINDING 2018-002*** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Myron Hockman, Judge  
Contact Phone Number: 317-241-2854

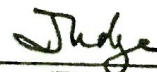
Views of Responsible Official: The findings of the SBOA is acknowledged.

Description of Corrective Action Plan: The Court has already taken corrective action on this issue as it was pointed out to us during the audit itself on or about June 5, 2019. As directed at that time, we have a second party checking our financial transactions and signing the documentation.

Anticipated Completion Date: The corrective process is a continual operation.



(Signature)



(Title)



(Date)

TOWNSHIP SMALL CLAIMS COURT  
DECATUR TOWNSHIP, MARION COUNTY  
AUDIT RESULT AND COMMENT

**STALE DATED OUTSTANDING CHECKS**

The same comment also appeared in prior Report B53138, entitled *STALE DATED OUTSTANDING CHECKS*. A similar comment also appeared in prior Reports B41303 and B48880, entitled *OLD OUTSTANDING CHECKS*.

The bank reconciliation as of December 31, 2018, included 549 checks, totaling \$46,274.97, which were outstanding in excess of a period of two or more years as of December 31 of the preceding year.

Since these old checks represent unclaimed money dating back to 1991, the checks should be receipted in the cash book and accounted for on Register of Trust Funds, General Form No.102. Once these are five years old, they should be reported and disbursed to the Indiana Attorney General as unclaimed property.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 32-34-1-20(c) states in part:

"Property that is held, issued, or owed in the ordinary course of a holder's business is presumed abandoned if the owner or apparent owner has not communicated in writing with the holder concerning the property or has not otherwise given an indication of interest in the property during the following times: . . .

- (6) For property or proceeds held by a court or a court clerk, five (5) years after the property or proceeds become distributable. The property or proceeds must be treated as unclaimed property under IC 32-34-3. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**Decatur Township Small Claims Court**

Of Marion County, Indiana  
3730 S. Foltz Street  
Indianapolis, IN 46221  
(317) 241-2854

**Myron Hockman, Judge**  
**Darrell McGaha, Constable**

**TOWNSHIP SMALL CLAIMS COURT  
DECATUR TOWNSHIP  
OFFICIAL RESPONSE**

**STALE DATED OUTSTANDING CHECKS**

The Court acknowledges this issue and admits it has been long term. We are in the process of searching the method by which to transfer this money to the State and will begin that process in the near future.

*Myron Hockman*  
\_\_\_\_\_  
(Signature)

*Judge*  
\_\_\_\_\_  
(Title)

*7-10-19*  
\_\_\_\_\_  
(Date)

TOWNSHIP SMALL CLAIMS COURT  
DECATUR TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2019, with Stephen Rink, Trustee; The Honorable Myron Hockman, Judge; David Knight, Chairman of the Township Board; Pascal Arnes, Fire Chief; and Pam Ricker, Small Claims Court Office Manager.