

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SUGAR CREEK TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**  
05/28/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert E. Boyer	01-01-15 to 12-31-22
Chairman of the Township Board	Ron Sanders Matthew Holland Jayson Combs	01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF SUGAR CREEK TOWNSHIP, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of Sugar Creek Township (Township), for the period from January 1, 2017 to December 31, 2018. 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 Statement Audit Report of the Township, which provides our opinions on the Township's financial statement. This report may be found at [www.in.gov/sboa](http://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

May 13, 2020

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY  
AUDIT RESULTS AND COMMENTS

**ADOPTION OF AND TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The minimum level of internal control standards, as defined by the Indiana State Board of Accounts, had not been adopted by the Township. Additionally, Township personnel had not received training concerning the internal control standards.

The Trustee had incorrectly certified in 2017 and 2018 Annual Financial Reports that the Township had adopted an internal control policy and that Township personnel had received training regarding internal control standards. As of the current date, no training has been provided to any Township personnel.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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](#)."

**ANNUAL NEPOTISM CERTIFICATION**

The same comment also appeared in prior Report B48559.

*Condition and Context*

The Township's elected officials had not filed an Annual Certification of Compliance with the nepotism law with the Township executive for 2017 and 2018.

*Criteria*

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."

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ANNUAL CONTRACTING CERTIFICATION**

The same comment also appeared in prior Report B48559.

*Condition and Context*

The Township's elected officials had not filed an Annual Certification of Compliance with the contracting law with the Township executive for 2017 and 2018.

*Criteria*

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."

**BANK ACCOUNT RECONCILIATIONS**

A similar comment appeared in the prior Report B48559.

*Condition and Context*

The December 2018 bank reconciliations contained reconciling items that could not be verified. The outstanding checklist included large or unusual transactions, totaling \$45,524, which were dated from February through June 2018 that could not be verified as clearing the bank in the subsequent period. One transaction was removed from the outstanding check list in the amount of \$18,107, but did not clear the bank, while \$27,417 remained on the outstanding check list for June 30, 2019. The reconciliation also included outstanding deposits totaling \$6,169 from December 2018 that did not clear the bank and were still reported as outstanding as of June 30, 2019. In addition, there were five transfers totaling \$6,520 from August through October 2018 which were listed as both outstanding checks and outstanding deposits. These amounts were still outstanding as of December 31, 2019.

*Criteria*

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CONDITION OF RECORDS**

*Condition and Context*

The Township made adjustments to the January 1, 2018 balance for multiple funds. Due to the adjustments, the Township's ending balance as of December 31, 2018, did not agree to the ending balances reported on the Indiana Gateway for Government Units financial reporting system. Adjustments were made to the financial statement and approved by management to correct the beginning balances of 2018.

The Township recorded intrafund transfers within the financial statements, which went in and out of the same fund. Receipts and disbursements reported on the financial statement were materially overstated in both 2017 and 2018. Adjustments were made to the 2017 and 2018 receipts and disbursements in the amounts of \$117,010 and \$992,324, respectively, and were approved by management.

There were multiple reoccurring bank transfers of \$110,511 each week from the Township's main checking account to its payroll bank account in November and December of 2018, and continued subsequent to the audit period.

The Township's fund balance report contained \$1,576 of amounts "currently invested" in the Payroll Deductions fund. This amount is not included in the Township's bank reconciliations or reported on the financial statement. The currently invested amounts appear to be a deduction for insurance that occur each pay period.

*Criteria*

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](#)."

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)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ROBERT E. BOYER**  
**SUGAR CREEK TOWNSHIP**  
**TRUSTEE**  
P.O. BOX 417  
3545 S. 600 West  
New Palestine, IN 46163  
Phone: 317.861.6148 Fax: 317.861.0415

May 27, 2020

State Board of Accounts  
302 Washington St. Room E418  
Indianapolis Indiana 46204-2765

My official response to the Results and Comments to the Audit of Sugar Creek Township for 2017 and 2018 are as follows:

Internal Controls:

Sugar Creek Township has had in place since 2012 a nepotism policy which was adopted by the Township Board June 19<sup>th</sup> 2012 Resolution #061912-b. See attachment.

Sugar Creek Township has had in place since I took office strict internal control procedures as follows:

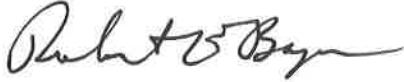
1. All Fire department invoices must be approved for payment by the fire chief or his designee.
2. They are then approved by the Township clerk and a check for payment is prepared.
3. The invoices and the check are reviewed by the Trustee and the check is signed by the Trustee.

Annual Contracting certification:

Sugar Creek Township has had in place since 2012 a Contracting certification policy which was adopted by the Township Board June 19<sup>th</sup> 2012 Resolution #061912-b. See attachment.

Bank Account Reconciliation:

The bank accounts are reconciled monthly by an outside accountant (Baker Tilley Municipal Advisors, LLC). Any adjustments needed are made immediately.

A handwritten signature in black ink, appearing to read "Robert E. Boyer". The signature is fluid and cursive, with the first name being the most prominent.

Sincerely,  
Robert E. Boyer  
Sugar Creek Township Trustee

RESOLUTION 061912-B

OF THE SUGAR CREEK TOWNSHIP BOARD, HANCOCK COUNTY, INDIANA

A RESOLUTION ADOPTING TOWNSHIP NEPOTISM CONTRACTING POLICY

WHEREAS, the Indiana General Assembly adopted HEA 1005 entitled Nepotism; Conflict of Interest; in the 2012 Regular Session, which added IC 36-1-20.2 to the Indiana Code regarding Nepotism; and,

WHEREAS, IC 36-1-20.2-9(a) will require a local unit of government to adopt a nepotism policy that includes at a minimum the requirements set out in the statute; and,

WHEREAS, the Sugar Creek Township Board has considered the requirements of the Act and finds it is necessary and desirous to adopt a policy of conduct with regard to nepotism in contracting with Sugar Creek Township, in order to provide local government services to the residents of Sugar Creek Township and to comply with the new law effective July 1, 2012 known as I.C. 36-1-20.2:

NOW THEREFORE, BE IT RESOLVED that the Sugar Creek Township Board adopts the following policy on nepotism in contracting:

NEPOTISM IN CONTRACTING

Section 1. DEFINITIONS

A. "Relative" means any of the following:

- (1) A spouse.
- (2) A parent or stepparent.
- (3) A child or stepchild, including an adopted child or stepchild.
- (4) A brother, sister, stepbrother, or stepsister, including a brother or sister by half blood.
- (5) A niece or nephew.
- (6) An aunt or uncle.
- (7) A daughter-in-law or son-in-law.

B. "Elected official" means:

- (1) the Township Trustee
- (2) a member of the Township Board

Section 2 CONTRACTING POLICY

A. Sugar Creek Township may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with:

(1) an individual who is a relative of an elected official; or

(2) a business entity that is wholly or partially owned by a relative of an elected official;

only if the requirements of this Section are satisfied and the elected official does not violate IC 35-44-1-3.

B. Sugar Creek Township may enter into a contract or renew a contract with an individual or business entity described in Subsection (A) if all of the following are satisfied:

(1) The elected official files with Sugar Creek Township a full disclosure, which must:

(a) be in writing;

(b) describe the contract or purchase to be made by Sugar Creek Township;

(c) describe the relationship that the elected official has to the individual or business entity that contracts or purchases;

(d) be affirmed under penalty of perjury;

(e) be submitted to the Sugar Creek Township Board and be accepted by the Sugar Creek Township Board in a public meeting prior to final action on the contract or purchase; and

(f) be filed, not later than fifteen (15) days after final action on the contract or purchase, with:

(i) the state board of accounts; and

(ii) the clerk of the circuit court in the county where Sugar Creek Township takes final action on the contract or purchase;

(2) The appropriate agency of Sugar Creek Township:

(a) makes a certified statement that the contract amount or purchase price was the lowest amount or price bid or offered; or

(b) makes a certified statement of the reasons why the vendor or contractor was selected; and

(3) Sugar Creek Township satisfies any other requirements under IC 5-22 or IC 36-1-12.

(4) The elected official complies with the disclosure provisions of IC 35-44-1-3, if applicable.

C. This Section does not affect the initial term of a contract in existence at the time the term of office of the elected official of Sugar Creek Township begins.

Section 3. CERTIFICATION.

- A. Each elected officer of Sugar Creek Township shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this Policy. An officer shall submit the certification to the Trustee of Sugar Creek Township not later than December 31 of each year.
- B. The annual report filed by Sugar Creek Township with the State Board of Accounts under IC 5-11-13-1 must include a statement by the Trustee of Sugar Creek Township stating whether the Township has implemented a policy under IC 36-1-20.2.

Section 4. CURRENTNESS OF POLICY


The Sugar Creek Township Nepotism Policy is hereby established effective July 1, 2012 by adopting the provisions set forth above and the minimum requirements provisions of I.C. 36-1-20.2, including but not limited to all future supplements and amendments thereto which become law from time to time, and making them a part hereof as if fully set out herein.

Section 5. APPLICATION OF POLICY & EFFECTIVE DATE

- A. All elected and appointed officials and employees of Sugar Creek Township are hereby directed to cooperate fully in the implementation of the policies created by this resolution and to demonstrate compliance with these same policies.
- B. This resolution shall be in full force and effect beginning July 1, 2012 after adoption and compliance with HEA 2005.

DATED this 19<sup>th</sup> day of June, 2012.

AYE

  
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NAY

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Ron Sanders

John M. Munn

ATTEST.

Rahit B. Bays

Trustee

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 13, 2020, with Robert E. Boyer, Trustee, and Jayson Combs, Chairman of the Township Board.