

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

COMPLIANCE REPORT
OF
JEFFERSON TOWNSHIP
WELLS COUNTY, INDIANA
January 1, 2016 to December 31, 2018



FILED
09/08/2020

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|-----------------------------|--------------------|----------------------|
| Trustee | Barry Gordon | 01-01-16 to 12-31-20 |
| Chair of the Township Board | C. Daniel Rupright | 01-01-16 to 12-31-20 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JEFFERSON TOWNSHIP, WELLS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jefferson Township (Township), Wells County, for the period of January 1, 2016 to December 31, 2018, 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 procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Township's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

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

July 22, 2020

JEFFERSON TOWNSHIP, WELLS COUNTY
RESULTS AND COMMENTS

CONDITION OF RECORDS

A similar comment also appeared in prior Report B47224.

Condition and Context

Financial records to support the Annual Financial Report for 2016, 2017, and 2018 were not presented for review. As a result, procedures were limited exclusively to compliance testing. Due to the lack of supporting documentation, the Indiana State Board of Accounts could not conclude on the financial position of the Township.

Criteria

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)

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B47224.

Condition and Context

Depository reconciliements of the fund balances to the bank account balances were not presented for any month in the engagement period. Outstanding checks could be determined, but a complete bank reconciliation was not possible due to a lack of financial records.

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."

PRESCRIBED FORMS - PAYROLL

The same comment also appeared in prior Report B47224.

Condition and Context

The prescribed Employees Earnings Record (General Form 99B) form was not maintained for 2016, 2017, or 2018. Therefore, it could not be determined if the wages reported on the Form W-2s were the actual wages paid to employees. Additionally, it could not be determined if the remittances of payroll taxes were correct and made in a timely manner.

JEFFERSON TOWNSHIP, WELLS COUNTY
RESULTS AND COMMENTS
(Continued)

Criteria

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)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COMPENSATION AND BENEFITS

A similar comment also appeared in prior Report B47224.

Condition and Context

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation to set and approve the salaries of Township officers and employees.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

NEPOTISM IN EMPLOYMENT AND CONTRACTING

A similar comment also appeared in prior Report B47224.

Condition and Context

The Township did not present an approved Nepotism in Employment policy or Nepotism in Contracting policy with its Annual Financial Report. Additionally, the Township did not provide either policy for review, and as a result, it could not be determined if the Township's policies were adequate and appropriate.

Criteria

Indiana Codes 36-1-20.2-9(b) and 36-1-21-4(b) state: "The annual report filed by a unit with the state board of accounts under [IC 5-11-13-1](#) must include a statement by the executive of the unit stating whether the unit has implemented a policy under this chapter."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action.

JEFFERSON TOWNSHIP, WELLS COUNTY
RESULTS AND COMMENTS
(Continued)

Effective July 1, 2012, all units are required to have a 'Nepotism' policy. This policy must discuss the employment of relatives. This statute provides requirements, but the unit can adopt more stringent requirements.

Effective July 1, 2012, all units are required to have a 'Contracting with a Unit' policy. This policy must discuss a unit contracting with the relative of an elected official. The statute provides requirements, such as filing a conflict of interest disclosure, but the unit can adopt more stringent requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL FINANCIAL REPORT

The same comment also appeared in prior Report B47224.

Condition and Context

The Township did not have the required public meeting by the Township Board members to consider and approve the Annual Financial Report for 2016, 2017, and 2018.

Criteria

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](#)."

LATE FILING OF THE ANNUAL FINANCIAL REPORT

Condition and Context

The Township's Annual Financial Reports for 2016, 2017, and 2018 were not filed electronically until March 3, 2017, March 13, 2018, and April 15, 2019, respectively. These were filed 2, 12, and 45 days past the due date, respectively.

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](#)."

JEFFERSON TOWNSHIP, WELLS COUNTY
RESULTS AND COMMENTS
(Continued)

ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township did not adopt an acceptable minimal level of internal control standards or require the necessary training of their personnel concerning internal control procedures.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township's Annual Financial Report certification on the adoption and training of internal control standards for 2016, 2017, and 2018 was made incorrectly. The Township certified that they had adopted internal controls and that training had been provided.

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](#)."

JEFFERSON TOWNSHIP, WELLS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2020, with Barry Gordon, Trustee; Timothy Baker, Township Board member; and C. Daniel Rupright, Chair of the Township Board.