

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

SPECIAL COMPLIANCE REPORT

OF

WAYNE TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2013 to May 31, 2021



FILED
12/22/2021

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Transmittal Letter	2
Results and Comments:	
Background.....	3
Vacation Buyout.....	3-4
College Tuition Reimbursement	4-5
Tool Allocation	5-6
Purchases	6
Accruals	6-7
Internal Control Deficiencies.....	7-8
Official Response	9-11
Exit Conference.....	12



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

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

This is a special compliance report for Wayne Township (Township), Marion County, for the period January 1, 2013 to May 31, 2021, and is in addition to any other report for the Township as required under Indiana Code 5-11-1. All reports pertaining to the Township may be found at www.in.gov/sboa.

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with disbursements, payroll, and Township rentals. 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.

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

October 1, 2021

WAYNE TOWNSHIP, MARION COUNTY
RESULTS AND COMMENTS

BACKGROUND

Township and Fire Department officials were concerned about the use of Township and Fire Department funds and contacted the Indiana State Board of Accounts (SBOA) in accordance with Indiana Code 5-11-1-27. The Indiana State Board of Accounts examined the records and the accounting for the Township and Fire Department. The following describes noncompliance with statutes or the Accounting and Uniform Compliance Guidelines Manual for Townships.

VACATION BUYOUT

The Township Fire Rules and Regulations state that an employee can roll over up to 240 hours from one year to the next. However, there is no policy for a buyout of vacation hours in the Township handbook, Township Fire Rules and Regulations, or the Township Fire Union Agreements.

A review of the Resolution Establishing Salaries (Resolution) revealed that a signed and dated copy was not available for each year examined. The 2013 Resolution was dated December 12, 2013; however, it was confirmed that it was for 2013 and was dated incorrectly. Included in the 2013 Resolution was an other line item with (Vacation and Sick Buyout) noted. However, the Resolution for 2014-2020 included the other line item, but did not specify what its use was for. In addition, the vacation buyouts were not approved by the Township Board.

In each of the years 2014 to 2020, a list of firefighters and vacation hours were submitted for buyout. Employees received their benefit either through a check or direct deposit, a deposit in their deferred compensation account, or a deposit into their post employee health plan account. Below is the total paid out for vacation hours for 2014-2020:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
<u>\$51,324.49</u>	<u>\$77,875.47</u>	<u>\$104,778.09</u>	<u>\$112,216.92</u>	<u>\$128,889.15</u>	<u>\$43,737.67</u>	<u>\$18,900.60</u>	<u>\$537,722.39</u>

In addition, if a merit or civilian firefighter left employment, unused vacation and sick hours were paid out. Below is the total paid out at the end of employment for 2014-2021:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	
<u>\$12,168.44</u>	<u>\$47,971.61</u>	<u>\$8,259.17</u>	<u>\$46,601.08</u>	<u>\$42,503.26</u>	<u>\$60,006.70</u>	<u>\$120,595.49</u>	<u>\$53,979.38</u>	<u>\$392,085.13</u>

Indiana Code 36-6-6-10(b), effective July 1, 2013 to June 30, 2019, 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."

WAYNE TOWNSHIP, MARION COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 36-6-6-10(c), effective July 1, 2019, states:

"The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked."

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)

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The governing body must adopt policies governing sick leave, vacation leave, and any other types of paid leave. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Each unit is responsible for complying with the ordinance, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COLLEGE TUITION REIMBURSEMENT

In 2016, 2017, and 2018, a Battalion Chief requested and received reimbursement on four different occasions for tuition of some of his college courses that totaled \$10,305.82. The purchase orders were initialed and authorized by the Deputy Fire Chief and the checks were signed by the Trustee.

The Township Fire Rules and Regulations states to see the Union Contract for the College Tuition Reimbursement Program. However, the College Tuition Reimbursement Program is not included in the Union Contract. In addition, there was no mention of approval in the Township Board minutes and no policy was included in the Township handbook.

Indiana Code 36-6-6-10(b), effective July 1, 2013 to June 30, 2019, 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."

WAYNE TOWNSHIP, MARION COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 36-6-6-10(c), effective July 1, 2019, states:

"The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked."

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)

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Each unit is responsible for complying with the ordinance, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TOOL ALLOCATION

Some Township Fire Department employees received a tool allocation for 2017-2020. There is no policy for tool allocation in the Township handbook, Township Fire Rules and Regulations, or the Township Fire Union Agreement. There is also no line item in the Resolution of Salaries and they were not approved by the Township Board. Below is the total paid out for tool allocation for 2017-2020:

Year				
2017	2018	2019	2020	Total
\$ 2,500	\$ 5,400	\$ 16,500	\$ 7,500	\$ 31,900

Indiana Code 36-6-6-10(b), effective July 1, 2013 to June 30, 2019, 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."

WAYNE TOWNSHIP, MARION COUNTY
RESULTS AND COMMENTS
(Continued)

Indiana Code 36-6-6-10(c), effective July 1, 2019, states:

"The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked."

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)

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Each unit is responsible for complying with the ordinance, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PURCHASES

Purchases were made by the Township Fire Department that were not properly recorded in the Capital Asset Ledger. Detailed information such as model/serial number, date placed, value, and who the asset was assigned to were not always recorded in the ledger. Without the detailed information, the validity and accountability of the asset cannot be determined.

In addition, there was no policy provided for the personal use of Township and Fire Department purchases. However, several items were returned by the prior Trustee and Fire Chief after their respective positions ended.

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)

Each unit is responsible for complying with the ordinance, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ACCRUALS

The Employee Pay and Benefits section of the Township Fire Rules and Regulations details the different types of leave, holiday, and overtime policies and procedures. However, a Work for Flex Time category is being utilized in the Fire Department's Time and Labor application that is not included in the Rules and Regulations. A review of the Time and Labor report noted flex time hours were added without supporting documentation, as well as a negative balance at year end.

Each unit is responsible for complying with the ordinance, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

WAYNE TOWNSHIP, MARION COUNTY
RESULTS AND COMMENTS
(Continued)

All types of employee benefits must be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The governing body must adopt policies governing sick leave, vacation leave, and any other types of paid leave. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

INTERNAL CONTROL DEFICIENCIES

We noted the following deficiencies in the internal control system over Township activities:

- Vacation Buyout - The Township bought out vacation days for some employees without the approval of the Township Board.
- College Tuition Reimbursement - The Township reimbursed an employee for college tuition without the approval of the Township Board.
- Tool Allocation - The Township paid tool allocation to some employees without the approval of the Township Board.
- Purchases - There were no internal controls in place to account for purchases that should be classified as capital assets.
- Accruals - There were no internal controls in place to ensure the Township Fire Rules and Regulations regarding different types of leave, holiday, and overtime policies and procedures were followed properly.
- Lions Club Park Rental - The Township maintains the Lions Club Park (Park) and provides recreational services available to rent. A policy was not presented for review to outline the guidelines and fees associated with renting amenities at the Park; therefore, we were unable to determine if rentals were done properly.
- Political Purchase - The prior Trustee personally paid for political graphics to be put on his personal vehicle and the invoice was mistakenly in the Township Fire Department's name.

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. These 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.

WAYNE TOWNSHIP, MARION COUNTY
RESULTS AND COMMENTS
(Continued)

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 GOVERNMENT

Trustee

Charles J. Jones Jr.

5401 West Washington Street, Indianapolis, IN 46241

(317) 241-4191 Office • (317) 248-8527 Fax

www.waynetwp.org

October 8, 2021

Gina Gambaiani
Field Supervisor
Indiana State Board of Accounts
302 West Washington Street, Room E 418
Indianapolis, IN 46204-2765

RE: Official Response to SBoA Audit Results of Wayne Township, Marion County, Indiana

Dear Ms. Gambaiani:

Per the comments and direction provided by you at the September 29, 2021 Exit Conference concerning SBOA's recent audit of the Township, Wayne Township is providing its Official Response. As you know, the Township initiated contact with SBOA pursuant to Ind. Code 5-11-1-27 concerning procedures and use of Township equipment and funds over a range of years going back to 2014. As to the Results and Comments provided by SBOA at the Exit Conference, the Township provides the following comments and information:

1. **Vacation Buyout** – Payments for vacation buyouts without a policy were done by the prior administration. Procedures for vacation accruals above the carryover threshold were added to the Rules and Regulations that were adopted by the Board on March 11, 2021. The vacation buyout of hours upon separation from employment has been added to the Union Agreement that is set to be presented for board approval on October 14, 2021.
2. **College Tuition Reimbursement**- This was done by the prior administration without policy. No college tuition reimbursement has been issued since January 1, 2019, no policy has been adopted and no future approvals / reimbursements are planned or have been offered to employees.
3. **Tool Allocation**- Tool allocation payments were done by the prior administration without a policy. This practice was stopped after 2020 when it was determined to have been started without approval in 2017 under the prior administration. The Fire Department does not

intend to issue tool allocations and would only revisit the issue if a new policy were issued by the Township Board.

4. **Purchases** - An updated resolution and policy was adopted by the board on June 13, 2019. All assets purchased that meet the materiality threshold have been properly entered into the asset ledger.
5. **Flex Time Accruals** - A flex-time policy was adopted by the Township Board as a part of the Salary Exempt Resolution passed September 16, 2021. The adopted resolution prohibits using any time before it is earned.
6. **Political Purchase** - Political purchases are prohibited and on the instanced noted it appears to have been a vendor error. The invoice should have been referred back to the Vendor to be re-issued directly to the candidate. This was all from the prior administration. The current administration is aware this should not happen and have put in controls, such as reviewing bill names carefully and sending them back to the company if payor / payee identifications are incorrect and waiting to pay any legitimate expense until a corrected bill is received.
7. **Lion's Club Park Use Policy**- Policies for use of the Park were passed by the Board at its 11-12-09 meeting [minutes attached] and the updated Policies are attached.

The Township appreciates the insight and feedback provided by you and your office during this review and if you require any further information from the Township, please feel free to contact me.

Sincerely Yours,



Chuck Jones, Trustee
Wayne Township, Marion County, Indiana

Andy Harris
Wayne Township Trustee 2011 -2018

waynetownship@hotmail.com

317-313-9450

October 6, 2021

OFFICIAL RESPONSE

SBOA Audit January 1, 2013 to December 31, 2018

I can not respond to the SBOA Audit from 2019 to current or dates between 2019 to May 31, 2021, because I was not the Trustee during this time period, that would be the current Trustee Chuckie Jones.

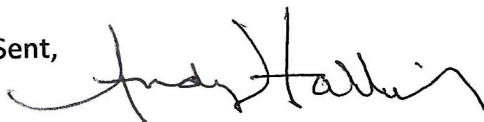
As for matters mentioned in the audit during the dates brought to my attention as the Wayne Township Trustee, I can assure you if my Deputy Chief of Administration Rick Scott (current employee by me and the current Chuckie Jones Administration) and our Township Attorney Stephen Buchmann was consulted, all the following concerns would be addressed, but none of the following was interviewed, since they are the ones to approve all the decisions being questioned.

All concerns of this Audit would have been addressed if questions would have been asked by current employee Rick Scott or Township Attorney Steve Buchmann.

I have heard the phrase that there is no Indiana Code allowing this process approved over the said items listed, but there is also no Indiana Code not allowing anything we have done. All decisions made by my attorney, Fire Chief and Administrative Chief, I trust was in good faith and done accordingly to no laws broken by anyone.

The request of handpicked items that the Chuckie Jones administration requesting you to look into because they felt SBOA missed over the years, is just a diversion of what they have done wrong since being in office.

Respectfully Sent,



Andy Harris

The Best Wayne Township Trustee with Proven Trust and Integrity

WAYNE TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2021, with Charles J. Jones Jr., Trustee; Pamela Presley, Deputy Trustee; Charlotte Scott, Chair of the Township Board; Ramona Ward, Township Board member; Mike Lang, Fire Chief; Lynn McWhirter, Director of Operations; Jeffrey M. Bellamy, Attorney; and Douglas White, prior Township Board member.

The contents of this report were discussed on October 1, 2021, with Andrew Harris, prior Trustee.