



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B59121

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

May 6, 2022

TO: THE OFFICIALS OF UNION TOWNSHIP, HENDRICKS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Union Township (Township), Hendricks County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ADOPTION AND CERTIFICATION OF NEPOTISM IN CONTRACTING

Similar comments also appeared in prior Report B48271, entitled *CONTRACTING POLICY* and *CONTRACTING WITH A UNIT CERTIFICATION*.

Condition and Context

The Township does not have a Contracting Policy. Also, each elected officer did not certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting with a Unit) by December 31, 2016, 2017, 2018, 2019, and 2020.

Criteria

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

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."

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

Condition and Context

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Trustee indicated that the Township had not adopted the minimum internal control standards.

The Township certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Trustee indicated that all personnel had not received training concerning the internal control standards.

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 audited entity 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](#)."

FAILURE TO ISSUE W-2 FORMS

The same comment also appeared in prior Report B48271.

Condition and Context

W-2s were not presented for all Township employees for 2016, 2017, and 2018.

Criteria

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)

PAYMENTS WITHOUT CONTRACTS

The same comment also appeared in prior Report B48271.

Condition and Context

Payments made for fire protection were not supported by a written contract in 2018. The Fire Department and the Trustee could not agree on the amount of the contract. The Trustee did not sign the contract or obtain approval from the Township Board.

Criteria

Indiana Code 36-8-13-3(a) states in part:

"The executive of a township, with the approval of the legislative body, may do the following:

...

- (4) Contract with a volunteer fire department that has been organized to fight fires in the township for the use and operation of firefighting apparatus and equipment that has been purchased by the township in order to save the private and public property of the township from destruction by fire, including use of the apparatus and equipment in an adjoining township by the department if the department has made a contract with the executive of the adjoining township for the furnishing of firefighting service within the township.
- (5) Contract with a volunteer fire department that maintains adequate firefighting service in accordance with [IC 36-8-12](#). . . ."

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SALARY OVERPAYMENT

The same comment also appeared in prior Report B48271.

Condition and Context

Records presented for examination showed that the Trustee and Administration Assistant were overpaid in 2020. The Trustee received \$17,645, but the salary ordinance shows that the Trustee should have been paid \$17,000. The Administration Assistant received \$5,735, but the salary ordinance shows that the Administration Assistant should have been paid \$5,500. We recommend the Trustee and Administration Assistant reimburse the Township in the amount of \$645 and \$235, respectively.

Criteria

Indiana Code 36-6-6-10(c) 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)

Units must collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SALES TAX

The same comment also appeared in prior Report B48271.

Condition and Context

Disbursements tested during the review revealed that sales tax was paid on some purchases.

Criteria

Sales taxes that are paid on qualifying purchases by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SUPPORTING DOCUMENTATION

The same comment also appeared in prior Report B48271.

Condition and Context

The Township was not able to provide supporting documentation for 11 of the 34 disbursements selected for testing.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
Township Fund	\$ 34,664
Township Assistance Fund	24,855
Fire Fighting Fund	10,004
Rainy Day Fund	14,693
Cumulative Fire Fund	30,685
Emergency Fire Loan	712
Payroll Deduction Fund	<u>(1,695)</u>
 Total	 <u>\$ 113,918</u>

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

The contents of this report were communicated to Robert Stringer, Trustee, and Jerry Love, Chair of the Township Board, on April 6, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner