

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WAYNE TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2021 to December 31, 2021



**FILED**  
01/03/2023



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Trustee:	
Audit Results and Comments:	
Annual Financial Report.....	6
Training on Internal Control Standards.....	6
Certification on Internal Control Standards.....	6-7
Monthly and Annual Uploads.....	7
Capital Assets.....	7-8
Donations.....	8
Supporting Documentation.....	8
Internal Controls.....	8-9
Official Response.....	10-11
Exit Conference.....	12
Small Claims Court:	
Audit Results and Comments:	
Bank Account Reconciliations.....	14
Internal Controls.....	14-15
Exit Conference.....	16
Fire Department:	
Audit Results and Comments:	
Travel Policy.....	18
Compensation and Benefits.....	18
Internal Controls.....	19
Exit Conference.....	20

SCHEDULE OF OFFICIAL

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles J. Jones	01-01-21 to 06-27-22
	Pam Presley (interim)	06-28-22 to 07-09-22
	Jeb Bardon	07-10-22 to 12-31-22
Judge	The Honorable Gerald Coleman	01-01-21 to 12-31-22
Chair of the Township Board	Charlotte Scott	01-01-21 to 12-31-21
	Bryan Chatfield	01-01-22 to 12-31-22
Fire Chief	Randy Adams	01-01-21 to 05-21-21
	Mike Lang	05-22-21 to 07-09-22
	Matt Stewart (interim)	07-10-22 to 07-31-22
	Marcus Reed	08-01-22 to 12-31-22



**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 WAYNE TOWNSHIP, MARION COUNTY, INDIANA

This report is supplemental to our audit report of Wayne Township (Township), for the period from January 1, 2021, to December 31, 2021. 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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

December 19, 2022

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TRUSTEE  
WAYNE TOWNSHIP, MARION COUNTY

TRUSTEE  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

The Annual Financial Report was submitted on the Indiana Gateway for Government Units (Gateway) financial reporting system on March 22, 2022, which was 21 days past the due date.

*Schedule of Capital Assets*

The Township did not provide supporting documentation for the amounts reported on Gateway as capital assets.

*Criteria*

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](#)."

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

*Criteria*

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

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

- (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 certified on the Indiana Gateway for Government Units financial reporting system 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, the Trustee indicated that all personnel had not received training concerning the internal control standards.

TRUSTEE  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

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](#)."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

The files and governmental unit information that are required to be uploaded monthly include the bank reconcilements, approved Township Board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report. None of these annual files were uploaded timely to the Indiana Gateway for Government Units (Gateway) financial reporting system.

The Township did not comply with the State Examiner Directive and failed to upload a portion of the monthly and/or annual files on Gateway for 2021. The monthly upload files (minutes, ledger, and bank reconcilements) for January, August, September, November, and December were not uploaded timely.

*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)

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15<sup>th</sup> of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . . Thereafter, annual files must be uploaded no later than March 1<sup>st</sup> . . . for the prior year end unless the SBOA establishes a different date. . . .

(Amended State Examiner Directive 2018-1)

**CAPITAL ASSETS**

*Condition and Context*

The Township did not have a complete detailed listing of all capital assets owned, which reflects their acquisition value. The Township could not produce documentation of inventory being conducted.

TRUSTEE  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

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)

**DONATIONS**

*Condition and Context*

Of 30 disbursements tested, 2 were noted as "charity" or "donations" by the Trustee.

*Criteria*

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**SUPPORTING DOCUMENTATION**

*Condition and Context*

Of 30 disbursements tested, 2 did not have adequate supporting documentation.

*Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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)

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Township related to receipts, payroll disbursements, and financial close and reporting.

*Receipts*

The Director of Operations was responsible for recording the receipts without documentation of an oversight, review, or approval process to ensure the accuracy of the information entered.

Due to the lack of internal controls, the following errors remained undetected:

TRUSTEE  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

1. All grant funds were receipted in to the Fire Fighting Fund, instead of separate grant funds as required.
2. All receipts were categorized as Other Receipts, rather than being recorded in the proper categories.

*Disbursements*

The Director of Operations was responsible for entering payroll disbursements into the payroll system for the Small Claims Court and Township employees. The Director of Operations entered payroll information into the payroll system without documentation of an oversight, review, or approval process to ensure the accuracy of the information entered.

*Financial Close and Reporting*

The Director of Operations was responsible for entering the financial information into the Indiana Gateway for Government Units (Gateway) financial reporting system, which is used to compile the financial statement, without documentation of an oversight, review, or approval process to ensure the accuracy of the information entered.

*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:

"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. . . ."



**WAYNE TOWNSHIP**  
of Marion County  
*Jeb Bardon, Trustee*

5401 West Washington Street  
Indianapolis, IN 46241  
Phone: 317-241-4191 | Fax: 317-248-8527  
www.WayneTwp.org

December 29, 2022

Ms. Beth Kelley, CPA, CFE  
Deputy State Examiner  
Indiana State Board of Accounts  
302 W. Washington Street, Suite E418  
Indianapolis, IN 46204

RE: Wayne Township January 1, 2021 to December 31, 2021 SBOA Audit – Township Response  
Dear Deputy Examiner Kelley:

I appreciate this opportunity to respond to the findings in the State Board of Accounts report on Wayne Township for 2021. As you know, I was not Township Trustee for the period audited. Wayne Township has gone through a very public and adverse airing of issues related to the prior administration. Our new administration is doing everything that we can to restore the public trust that every unit of government strives to maintain.

Many of the Audit Results and Comments included in the report are repeat comments from prior periods for which both the Wayne Township Fire Department and Township Small Claims Court have provided responses. The controls and procedures noted in your report are being addressed and I anticipate each issue will be addressed in 2023.

To that end, a new Fire Chief with many years of experience has been hired and has developed a new chain of command with specific operating and reporting policies to assure proper compliance. A Human Resources Director has been hired who is in the process of identifying the need for and developing written policies and procedures for each area of Township operations. We are also in process of hiring a chief financial officer to assure that internal control policies and procedures conform to State Board of Accounts recommendations and requirements and to assure that those policies and procedures are implemented and adhered to in the future. Items with specific responses are outlined on the attached Exhibit "A." If an item is not specifically addressed on the exhibit, it does not mean the Township is not addressing the matter internally.

As to the results of the Federal Compliance audit, as you know, the period audited preceded this administration. Upon internal review, the Township disagrees that any amounts greater than the grant award were sought or received by the Township. FEMA approved the amounts requested, and if overstatements were noted during the grant period the Department did subsequent reconciliations in the next grant period.

Correcting errors and righting a ship are not overnight tasks. However, with the new year and our new approach of cooperation and good government, we will see a time when Wayne Township can be considered a model unit of government.

Yours in good government

Jeb Bardon  
Wayne Township Trustee

Bryan Chatfield • Gary Woodruff • Ramona Ward • Doris Minton-McNeill • Charlotte Scott  
Chairman Vice Chairman Secretary Member Member



**WAYNE TOWNSHIP**  
of Marion County  
*Jeb Bardon, Trustee*

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EXHIBIT "A"

SUPPLEMENTAL COMPLIANCE REPORT – JAN. 1, 2021 to DEC. 31, 2021

- A. Submission of Annual Financial Report: Scheduling will be done to ensure timely filing of the 2023 Annual Financial Report (for the 2022 financial year).
- B. Training & Certification on Internal Control Standards: Training for those individuals with financial, accounting, bookkeeping or who otherwise handle funds for the Township will receive SBOA mandated online training as part of their hiring / onboarding process and those who should have received that training will be identified and be required to receive that training. Certifications will be reconciled accordingly. Other necessary financial / accounting training will be provided on a job-by-job basis as identified by Human Resources.
- C. Capital Assets: The Township is presently in the process of identifying and cataloging its Capital Assets and developing a procedure to allow for easier reconciliation of the capital assets of the Township. To that end, for the Wayne Township Fire Department, has assigned a Deputy Chief to develop such a procedure for the Fire Department which, depending up on effectiveness, applied throughout the Township.

FEDERAL COMPLIANCE AUDIT REPORT – JAN. 1, 2021 to DEC. 31, 2021

- A. FINDING 2021-002 – The Finding references activities in the Small Claims Court. While duly noted, the issues noted there are unrelated to any relevant issues pertaining to federal grant proceeds or reporting.
  - 1. For grant funds, the Township will create a separate "grant" fund within the relevant fund family for future accounting purposes (i.e. grants related to firefighting activities will be receipted into a grant fund within the larger Fire Fund.).
  - 2. As to lack of oversight, the Township Board is presented with the relevant items noted in this finding, but the timing of their review and acknowledgment may not have been identified in such a way to show the additional 'control' from their review.
- B. FINDING 2021-004 – The Finding address accounting and allowed vs. unallowed expenses. It is the Township's contention that these accounting / allocation procedures were done at the direction of FEMA or the Department of Homeland Security per comments of the immediate past Deputy Chief of Administration, and then Fire Chief. It was not until the SBOA audit results were presented that contradicted these directions. Internal review indicates that for questioned reimbursements of Overtime, the Department did a reconciliation reducing its requested match to reconcile the issue and this was known by FEMA. As to Cash Management and Management, the Department would submit repayment requests, and occasionally be rejected and resubmit their requests until FEMA was satisfied. These noted objections arise after approvals from FEMA on the payment.

Bryan Chatfield • Gary Woodruff • Ramona Ward • Doris Minton-McNeill • Charlotte Scott  
Chairman Vice Chairman Secretary Member Member

TRUSTEE  
WAYNE TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2022, with Jeb Bardon, Trustee; Lynn McWhirter, Director of Operations; Bryan Chatfield (via phone), Chair of the Township Board; Jeffery Bellamy, Township Attorney; and Michael A. Claytor, Attorney.

SMALL CLAIMS COURT  
WAYNE TOWNSHIP, MARION COUNTY

SMALL CLAIMS COURT  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The Township Small Claims Court had not reconciled the bank account to the amounts reported on the fund ledger since August 2021. The individual responsible for preparing the bank reconciliations left during the audit. The reconciliation was attempted by another staff member for August and September, but was not completed. The current Department Supervisor and Bookkeeper prepared reconciliations for the remainder of the audit period before the audit was concluded.

*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."

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Township Small Claims Court (Court) related to cash and investments and disbursements.

*Cash and Investments*

One employee was responsible for performing the monthly bank reconciliation without an oversight or review process. After the individual responsible for reconciling left employment in August 2021, no reconciliations were completed until they were requested during the audit.

SMALL CLAIMS COURT  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Disbursements*

The Court had not implemented an effective internal control system over disbursements recorded in the ledger. There was no evidence of an oversight, review, or approval process over the report of services for the constable to verify that the services entered were correct and complete. The Bookkeeper posted the ledger and prepared and distributed the checks without an oversight, review, or approval process.

*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:

"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. . . ."

SMALL CLAIMS COURT  
WAYNE TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2022, with The Honorable Gerald Coleman (via phone), Judge; Tiffany Wallace, Small Claims Court Office Manager; Whitney Hessler, Small Claims Court Bookkeeper; Jeb Bardon, Trustee; Lynn McWhirter, Director of Operations; Bryan Chatfield (via phone), Chair of the Township Board; Jeffery Bellamy, Township Attorney; and Michael A. Claytor, Attorney.

FIRE DEPARTMENT  
WAYNE TOWNSHIP, MARION COUNTY

FIRE DEPARTMENT  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS

**TRAVEL POLICY**

*Condition and Context*

During the audit, a Travel Policy was not provided for review. A reference was made in the *Wayne Township Fire Department Rules and Regulations* (Rules and Regulations) of an attached Travel Policy, but there was not a separate policy provided. Travel policy guidance outlined in the Rules and Regulations did not contain all aspects of possible reimbursement for travel allowable by the Township, including no reference to the hours to be compensated for employees traveling outside of their normal work hours.

*Criteria*

Each unit must adopt a written travel policy in conformity with applicable laws. Reimbursement for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**COMPENSATION AND BENEFITS**

*Condition and Context*

In the Salary Ordinance, the positions in the categories of Fire Prevention and Support Services were approved, but the approval stated only the rate of the highest paid employee and did not specify amounts to be paid to other employees in the category.

*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)

FIRE DEPARTMENT  
WAYNE TOWNSHIP, MARION COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**INTERNAL CONTROLS**

*Condition and Context*

The Township did not have an effective internal control system over Fire Department payroll disbursements. There were no internal controls in place, such as an oversight, review, or approval process, to ensure the accuracy of payroll disbursements for the Fire Department.

*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:

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FIRE DEPARTMENT  
WAYNE TOWNSHIP, MARION COUNTY  
EXIT CONFERENCE

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