

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

COMPLIANCE REPORT

OF

CLAY TOWNSHIP

MIAMI COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED
07/07/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Karen LeMaster	01-01-18 to 12-31-18
	Khristie Worl	01-01-19 to 03-14-23
	Dale LeMaster (interim)	03-15-23 to 12-31-23
Chair of the Township Board	Michelle Glassburn	01-01-18 to 12-31-18
	Dewey Childers	01-01-19 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLAY TOWNSHIP, MIAMI COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Clay Township (Township), Miami County, for the period of January 1, 2018 to December 31, 2022, 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 non-compliance 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 19, 2023

CLAY TOWNSHIP, MIAMI COUNTY
RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

Condition and Context

Khristie Worl (Worl), former Trustee, paid herself compensation in excess of the approved salary ordinance as follows:

Years	Per Ordinance	Actual Paid	Overpayment
2019	\$ 3,600	\$ 4,200	\$ 600
2020	3,600	3,600	-
2021	3,600	18,400	14,800
2022	3,708 *	30,000	<u>26,292</u>
Total			<u>\$ 41,692</u>

*No salary ordinance adopted for 2022. \$3,708 was the amount budgeted.

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)

Worl was requested to reimburse the Township \$41,692 for overpayment of salary. (See Summary of Charges, page 10)

DISBURSEMENTS UNRELATED TO TOWNSHIP

Condition and Context

Worl reimbursed herself \$127.84 for website domain expenses; however, the Township does not have a website, and, therefore, this reimbursement was not an obligation of the Township and should not have been reimbursed with Township funds.

Criteria

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the unit. Any personal expenses paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 1)

Worl was requested to reimburse the Township \$127.84 for personal expense paid with Township funds. (See Summary of Charges, page 10)

CLAY TOWNSHIP, MIAMI COUNTY
RESULTS AND COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Condition and Context

The Township paid the Trustee rent, phone, and internet for the engagement period without any documented approval from the Township Board, such as an ordinance.

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)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were prepared by the former Trustee for December 31, 2019, and 2020; however, the reconciliations showed the depository balances were greater than the reported fund balances by \$445 and \$904, respectively.

Bank reconciliations were not prepared for any months in 2021 and 2022. We attempted to reconcile the bank balance at December 31, 2021, to the fund balances reported on the Annual Financial Report; however, we ended with an unidentified variance of \$12,606. For the year ended December 31, 2022, no ledgers were available, nor was the 2022 Annual Financial Report filed; therefore, no bank reconciliation could be attempted.

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."

CONDITION OF RECORDS

Condition and Context

The former Trustee did not complete a funds ledger detailing all activity of the Township beginning in November of 2020 and continuing through December of 2022. This resulted in bank reconciliation errors, or no reconciliations being performed, untimely recording of all Township receipts and disbursements, and errors in the Township's Annual Financial Report during this period.

For the period January 1, 2019 to March 31, 2023, we abstracted the bank account information from statements obtained directly from the bank to identify any irregularities. Any irregularities identified were reported in comments within this report.

CLAY TOWNSHIP, MIAMI COUNTY
RESULTS AND COMMENTS
(Continued)

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)

ANNUAL FINANCIAL REPORT

Condition and Context

The Township's Annual Financial Report for 2018 and 2019 was not filed electronically until August 25, 2019, and August 5, 2020, which was 176 and 157 days, respectively, past the due date. Additionally, as of June 19, 2023, the Annual Financial Report for 2022 has not been submitted.

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 ENGAGEMENT UPLOADS

Condition and Context

The Township had not uploaded all required monthly and annual engagement uploads for 2018, 2019, 2020, 2021, and 2022 into the Indiana Gateway for Government Units financial reporting system as required by Amended State Examiner Directive 2018-1. During the engagement period, the Township only uploaded a portion of the required documents; however, none of the years contained all the required documents.

Criteria

The following files and governmental unit information are required to be uploaded monthly by Townships:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments

CLAY TOWNSHIP, MIAMI COUNTY
RESULTS AND COMMENTS
(Continued)

- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

(State Examiner Directive 2018-1)

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)

LATE FILING OF CERTIFIED REPORT (100R)

Condition and Context

The Township's Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100R) was submitted 36 days late for the year ending December 31, 2022.

Criteria

Indiana Code 5-11-13-1(b) states in part:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

OFFICIAL BOND COVERAGE

The following is the official bond coverage for Worl:

<u>Period</u>	<u>Amount</u>
01-01-19 to 12-31-19	\$ 30,000
01-01-20 to 12-31-20	30,000
01-01-21 to 12-31-21	30,000
01-01-22 to 12-31-22	30,000
01-01-23 to 12-31-23	30,000

CLAY TOWNSHIP, MIAMI COUNTY
RESULTS AND COMMENTS
(Continued)

AUDIT COSTS

Condition and Context

The State of Indiana incurred costs, in the amount of \$19,380, due to the poor records, nonexistent records, and inadequate bookkeeping practices of Worl.

Criteria

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

"If the attorney general institutes civil proceedings related to this section or under [IC 5-11-5-1](#), the attorney general shall seek, in addition to the recovery of any funds misappropriated, diverted, or unaccounted for, restitution of:

- (1) costs incurred by the state board of accounts; and
- (2) all costs and reasonable attorney's fees incurred by the attorney general;

in connection with the civil proceedings."

Audit costs incurred because of poor records, nonexistent records, or any other inadequate bookkeeping practices, or because of theft or a shortage may be the personal obligation of the responsible official or employee.

Any audit costs paid without the prior approval of the SBOA, when the SBOA has the statutory requirement to perform the audit of the unit, may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

We requested Worl reimburse the State of Indiana for the audit costs in the amount of \$19,380. (See Summary of Charges, page 10)

CLAY TOWNSHIP, MIAMI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2023, with Karen LeMaster, former Trustee; Dale LeMaster, interim Trustee; Shelly Leary, Township Board member; and Annette Blair, Township Board member.

CLAY TOWNSHIP, MIAMI COUNTY
SUMMARY OF CHARGES
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Khristie Worl, Trustee:			
Compensation and Benefits, page 4	\$ 41,692.00	\$ -	\$ 41,692.00
Disbursements Unrelated to Township, page 4	127.84	-	127.84
Audit Costs, page 8	<u>19,380.00</u>	-	<u>19,380.00</u>
 Totals	 <u>\$ 61,199.84</u>	 <u>\$ -</u>	 <u>\$ 61,199.84</u>

This report was forwarded to the Office of the Indiana Attorney General and the local prosecuting attorney.

AFFIDAVIT

STATE OF INDIANA)
Hendricks)
) COUNTY)

We, James Cash and Peggie Pinzas, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Clay Township, Miami County, Indiana, for the period from January 1, 2018 to December 31, 2022, is true and correct to the best of our knowledge and belief.

Peggie Pinzas

James Cash
Field Examiners

Subscribed and sworn to before me this 29 day of June, 2023.

[Signature]
Notary Public

My Commission Expires: 2/12/31

County of Residence: Marion