

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

UNION TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2012 to December 31, 2015



FILED
06/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Paul R. Brasher	01-01-12 to 12-31-14
	Ann Wathen	01-01-15 to 12-31-18
Chairman of the Township Board	Terry Bowman	01-01-12 to 12-31-12
	Julian Owens	01-01-13 to 12-31-13
	Terry Bowman	01-01-14 to 12-31-14
	Julian Owens	01-01-15 to 12-31-15
	Terry Bowman	01-01-16 to 12-31-16
	Julian Owens	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of Union Township (Township), Hendricks County, for the period from January 1, 2012 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. This report may be found at 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

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

April 3, 2017

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT NOT FILED TIMELY

The Gateway Annual Financial Report was not filed in a timely manner for 2013 and 2015. The 2013 report was filed on March 3, 2014, which was 2 days past the due date. The 2015 report was filed on March 30, 2016, which was 29 days past the due date.

Indiana Code 5-11-1-4(a) states in part:

"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 . . ."

SUPPORTING DOCUMENTATION

Payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Twelve out of one hundred twenty-seven payments, totaling \$17,164, were made without supporting documentation. Payments were for contract work for the Fire Department, new equipment for the Fire Department, ladder truck payments, reimbursements to former Trustee, and payments for health insurance. The Township did not provide documentation to allow verification that the payments for insurance were for 100 percent of the health insurance premium due to no records presented pertaining to health insurance.

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)

PAYMENTS WITHOUT CONTRACTS

Payments made for fire protection were not supported by a written contract in 2015. 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.

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."

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

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)

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties and interest in the amount of \$170 for failure to remit tax payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges 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)

APPROVAL OF SALARIES

The Township Board did not establish the salaries of Township officers and employees for 2012, 2013, and 2015.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages; . . .

of all officers and employees of the township."

FAILURE TO ISSUE W-2 FORMS

W-2s were not presented for all Township employees for 2015.

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)

ADVANCE PAYMENTS

The Township paid \$32,423 of compensation to employees in advance of the actual date the services were provided.

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CASH DISBURSEMENTS

Cash withdrawals were made on February 24, 2015, and March 2, 2015, for snow removal.

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by law. (Accounting Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONTRACTS

Payments made for fire protection and emergency medical services did not comply with the amount in the written contract for 2012, 2013, and 2014.

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

NEPOTISM CERTIFICATION

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, 2014, and 2015.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CONTRACTING POLICY

The Township did not have a Contracting Policy for 2012 and 2013.

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. . . ."

CONTRACTING WITH A UNIT CERTIFICATION

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, 2012, 2013, 2014, and 2015.

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."

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

SALES TAX

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

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)

TOWNSHIP ASSISTANCE STANDARDS

The Township Board did not establish Township Assistance Standards for 2012, 2013, 2014, and 2015.

Indiana Code 12-20-5.5-1(b) states:

"The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

TOWNSHIP ASSISTANCE APPLICATIONS

Township Assistance payments were made without an Application for Township Assistance on file in 2012, 2013, and 2014. In addition, several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records for 2012, 2013, and 2014.

Indiana Code 12-20-6-1(a) states: "A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the date aid is extended."

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)

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS

The records presented for examination indicated the following disbursements in excess of budgeted appropriations:

<u>Years</u>	<u>Fund</u>	<u>Excess Amount Disbursed</u>
2013	Township Fund	\$ 3,182
2013	Fire Fighting Fund	1,795
2015	Township Fund	2,046
2015	Fire Fighting Fund	3,105

Indiana Code 6-1.1.18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CONFLICT OF INTEREST

The former Trustee owned a construction company that did work on the Fire Department addition and snow removal. A Uniform Conflict of Interest Disclosure Statement was not filed.

Indiana Code 35-44.1-1-4 states in part:

". . . (b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a level 6 felony. . . .

(d) A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;
- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

(A) the state board of accounts; and

(B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

ANNUAL FINANCIAL REPORT

The Annual Financial Report for 2015 was submitted without including the debt information.

Indiana Code 5-11-1-4(a) states in part:

"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"

SALARY OVERPAYMENT

Records presented for examination showed that Township Board members were overpaid in 2015. In addition, the W-2s were not presented for 2015. We recommended the Trustee request each Township Board member reimburse the Township in the amount \$73.50.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

(1) salaries;

(2) wages; . . .

of all officers and employees of the township."

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)

OVERDRAWN CASH BALANCE

The following fund had an overdrawn fund balance at December 31:

<u>Year</u>	<u>Fund</u>	<u>Amount Overdrawn</u>
2012	Payroll Deduction Fund	\$ 1,709

UNION TOWNSHIP, HENDRICKS COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

UNION TOWNSHIP, HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 23, 2017, with Ann Wathen, Trustee.

The contents of this report were discussed on April 3, 2017, with Paul R. Brasher, former Trustee.