

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

WAYNE TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**  
08/10/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles J. Jones	01-01-22 to 06-27-22
	Pam Presley (interim)	06-28-22 to 07-09-22
	Jeb Bardon	07-10-22 to 12-31-23
Judge	The Honorable Gerald Coleman	01-01-22 to 12-31-23
Chair of the Township Board	Bryan Chatfield	01-01-22 to 12-31-23
Fire Chief	Mike Lang	01-01-22 to 07-09-22
	Matt Stewart (interim)	07-10-22 to 07-31-22
	Marcus Reed	08-01-22 to 12-31-23



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Wayne Township (Township), for the year ended December 31, 2022, and the related notes to the financial statement, which collectively comprise the Township's financial statement and have issued our report thereon dated July 11, 2023, wherein we noted the Township followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Wayne Township's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Township's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE  
Deputy State Examiner

July 11, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for the Major Federal Program**

***Qualified Opinion***

We have audited Wayne Township's (Township) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2022. The Township's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on Medicaid Cluster***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster for the year ended December 31, 2022.

**Basis for Qualified Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

***Matter Giving Rise to Qualified Opinion on Medicaid Cluster***

As described in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the Township with the Medicaid Cluster, as described in item 2022-003 for Reporting. Consequently, we were unable to determine whether the Township complied with those requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Township's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Township's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Township's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-002 and 2022-003, to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on the Township's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Township's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE  
(Continued)

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statement of the Township, as of and for the year ended December 31, 2022, and the related notes to the financial statement. We issued our report thereon dated July 11, 2023, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.



Beth Kelley, CPA, CFE  
Deputy State Examiner

July 11, 2023

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Township. The schedule and notes are presented as intended by the Township.

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WAYNE TOWNSHIP, MARION COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Health and Human Services</u>					
Medicaid Cluster					
Medical Assistance Program	Indiana Family and Social Services Administration	93.778			
Payments for Government Ambulance Transportation Services			FY2022	\$ -	\$ 843,009
Total - Medicaid Cluster				-	843,009
Total - Department of Health and Human Services				-	843,009
<u>Department of Homeland Security</u>					
National Urban Search and Rescue (US&R) Response System	City of Indianapolis	97.025			
FEMA Urban Search and Rescue			EMW-2018-CA-USR-0013	-	123,620
Staffing for Adequate Fire and Emergency Response (SAFER)	direct grant	97.083			
Safer Grant			EMW-2018-FH-00167	-	435,082
Total - Department of Homeland Security				-	558,702
Total federal awards expended				\$ -	\$ 1,401,711

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

WAYNE TOWNSHIP, MARION COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Summary of Significant Accounting Policies**

*A. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Township under programs of the federal government for the year ended December 31, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the Township, it is not intended to and does not present the financial position of the Township.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 2. Indirect Cost Rate**

The Township has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

WAYNE TOWNSHIP, MARION COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Medicaid Cluster	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2022-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2021-002.

WAYNE TOWNSHIP, MARION COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition and Context*

*Self Insured Health Insurance Fund Disbursements*

The Township had not separated incompatible activities related to Self Insured Health Insurance Fund disbursements. The Operations Director, Township Clerk, and Deputy Trustee received an email from the Township's third-party administrator for the prior week's claims. The Operations Director then recorded the Self Insured Health Insurance Fund disbursements into the Township's accounting software without documentation of an oversight, review, or approval process to ensure the accuracy of the information entered.

*Monitoring of Controls*

The Township did not have a process to identify or communicate corrective actions to improve internal controls. Effective internal controls over financial reporting requires the Township to monitor and assess the quality of the system of internal control.

*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. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. . . ."

*Cause*

A proper system of internal controls was not designed by management of the Township, which would include segregation of duties and monitoring. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Township's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

WAYNE TOWNSHIP, MARION COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

Without the proper design or implementation of the components of a system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material misstatements. As such, misstatements of disbursements could have occurred and remained undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2022-002**

Subject: Medicaid Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Health and Human Services  
Federal Program: Medical Assistance Program  
Assistance Listings Number: 93.778  
Federal Award Number and Year (or Other Identifying Number): FY2022  
Pass-Through Entity: Indiana Family and Social Services Administration  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Finding: Material Weakness

*Condition and Context*

The Township had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, material noncompliance related to expenditures made from the Medicaid Cluster.

The Medicaid Cluster consists of three federal programs. However, the Township received funding from only one program, the Medicaid Assistance Program. The Medicaid Assistance Program grant funding is provided by the Indiana Family and Social Services Administration to Freestanding Governmental Ambulance Providers, such as the Township, based on a Cost Report for funding. The Cost Report for funding utilizes all costs associated with the operation of the Township's ambulance program in conjunction with other metrics such as ambulance runs, total charges, and Medicaid charges to determine the federal ambulance payment adjustment, the amount received by the Township.

The Township utilized its Fire Operations fund to account for both fire and ambulance services. Costs were allocated between fire and ambulance services as necessary. Expenditures related to ambulance services were included in the Township's Cost Report to determine the reimbursement due to the Township. The funding received during the audit period was based on expenditures and data from January 1, 2019 through December 31, 2019, and as such, internal controls for that period were reviewed.

Expenditures related to ambulance services were included in the Township's Cost Report to determine the reimbursement due to the Township. As such, expenditures provided to the Township's CPA firm should have been reviewed for allowability prior to submission. No evidence of a review or oversight process to determine allowability was identified over the documentation submitted to the CPA firm.

The lack of internal controls was a systemic issue throughout the audit period.

WAYNE TOWNSHIP, MARION COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

A proper system of internal controls over the Medicaid Cluster expenditures was not designed by management of the Township, which would include segregation of key functions to ensure Medicaid Cluster funds were being used appropriately. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Township's management statements of what should be done to effect internal control, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the Township.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the Township design and implement a proper system of internal controls that would provide segregation of duties for the preparation of the claims for expenditures of the Medicaid Cluster awards and the review of these claims prior to payment. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

WAYNE TOWNSHIP, MARION COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2022-003**

Subject: Medicaid Cluster - Reporting  
Federal Agency: Department of Health and Human Services  
Federal Program: Medical Assistance Program  
Assistance Listings Number: 93.778  
Federal Award Number and Year (or Other Identifying Number): FY2022  
Pass-Through Entity: Indiana Family and Social Services Administration  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

The Township had not properly designed or implemented a system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, material noncompliance related to expenditures made from the Medicaid Cluster.

The Medicaid Cluster consists of three federal programs. However, the Township received funding from only one program, the Medicaid Assistance Program. The Medicaid Assistance Program grant funding is provided by the Indiana Family and Social Services Administration (FSSA) to Freestanding Governmental Ambulance Providers, such as the Township, based on a Cost Report for funding. The Cost Report for funding utilizes all costs associated with the operation of the Township's ambulance program in conjunction with other metrics such as ambulance runs, total charges, and Medicaid charges to determine the federal ambulance payment adjustment, the amount received by the Township.

The Township utilized its Fire Operations fund to account for both fire and ambulance services. Costs were allocated between fire and ambulance services as necessary. Expenditures related to ambulance services were included in the Township's Cost Report to determine the reimbursement due to the Township. The funding received during the audit period was based on expenditures and data from January 1, 2019 to December 31, 2019, and as such, internal controls for that period were reviewed.

The Cost Report for the Medicaid Program was prepared by the Township's contracted CPA firm using information provided by the Township. The Township provided reports detailing run data, expenditures, and charges (both Medicaid and non-Medicaid) to the CPA firm. The CPA firm prepared the report and submitted it to the Indiana FSSA. The Township did not participate in the preparation or submission process, nor complete a review of the report prior to submission. As such, the Township could not ensure that the information provided was properly utilized or that the report was accurate.

Additionally, for five of the seven key line items tested, the Township could not provide supporting documentation. The lack of supporting documentation for Ambulance Runs, Fire Runs, EMT Salaries, Fire Salaries, and Total Ambulance Cost on the 2019 Cost Report prevented the determination of the accuracy of these line items.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

WAYNE TOWNSHIP, MARION COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.334 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. . . ."

*Cause*

A proper system of internal controls over the Medicaid Cluster expenditures was not designed by management of the Township, which would include segregation of key functions to ensure the Medicaid Cluster funds were appropriately reported. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Township's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, including policies and procedures that provide segregation of duties and additional oversight as needed, the internal control system cannot be capable of effectively preventing, or detecting and correcting, material noncompliance. Noncompliance with the provisions of federal statutes, regulations, and the terms and conditions of the federal award could result in the loss of future federal funding to the Township.

In addition, not supporting key line items increases the likelihood that information is not accurate and properly reported to FSSA and the public.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management of the Township design and implement a proper system of internal controls that would provide segregation of duties for the preparation of the Cost Report for Reimbursement for the Medicaid Cluster awards. Additionally, policies and procedures should be implemented to ensure appropriate reviews, approvals, and oversight are taking place.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the Township. The documents are presented as intended by the Township.

# WAYNE TOWNSHIP GOVERNMENT

5401 West Washington Street, Indianapolis, IN 46241

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

[www.waynetwp.org](http://www.waynetwp.org)

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## WAYNE TOWNSHIP, MARION COUNTY, INDIANA SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2021-001** (Auditor Assigned Reference Number)

Preparation of the Schedule of Expenditures of Federal Awards

Fiscal year in which the finding initially occurred: FY 2020.

Status of Audit Finding: Condition Unchanged for FY2021.

In FY 2022, the Township set up a separate Federal Grant Fund. Grant receipts and expenditures will be reviewed by the Deputy Fire Chief and Director of Operations for completeness and accuracy for reporting in the SEFA. SEFA will be reviewed by the Trustee.

A separate grant fund has been set up. It is Fund 3000 to be used for Federal Funds received and expended. The expenditures will be reviewed by the Deputy Fire Chief, Wayne Township trustee's office and the Trustee.

### **FINDING 2021-002** (Auditor Assigned Reference Number)

Financial Transactions and Reporting

Fiscal year in which the finding initially occurred: FY 2020

Status of Audit Finding: Condition Unchanged for FY2021.

For FY2022, The Deputy Fire Chief and Director of Operations will all Federal funds for inclusion and accuracy. Accounting entries will be made by Township Clerk and reviewed by Director of Operations. Purchase Orders (POs) will be used for all expenditures other than payroll-related expenditures. POs will be liquidated by Township Clerk and reviewed by Director of Operations. Expenditures in excess of \$5,000 will require Trustee approval prior to payment.

The accounting entries will be reviewed by the Township Clerk and will provide them to outside accountants to enter and pay via a Purchase Order for bills that are due. The payroll will be reviewed by payroll clerk to be processed. If the bill is over \$5000 then the Trustee will sign off before it is paid by outside accountant.

Status of Audit Finding: Condition Unchanged for FY2021.

For FY2022, Deputy Fire Chief and Director of Operations will review data used to prepare the reimbursement report by contract accountant to assure that only allowable costs are included in the report.

Post receipt of reimbursement, Director of Operations will reconcile reimbursement received versus amount requested to determine whether any items were not allowable.

It is my understanding that the above statement is happening for the review before it goes to Blue & Co to prepare the cost report.

**FINDING 2021-003** (Auditor Assigned Reference Number)

SAFER – Period of Performance, Reporting

Fiscal year in which the finding initially occurred: FY 2020

Status of Audit Finding: Condition Unchanged for FY2021.

For FY2022, Deputy Fire Chief and Director of Operations will verify that time sheets or other documentation support the request for reimbursement.

The payroll is reviewed by the Fire Department before it is processed and keeps the documentation for support for the request for reimbursement.

**FINDING 2021-004** (Auditor Assigned Reference Number)

SAFER – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Matching

Fiscal year in which the finding initially occurred: FY 2020

Status of Audit Finding: Condition Unchanged for FY2021.

For FY2022, Deputy Fire Chief and Director of Operations will verify that time sheets or other documentation support the request for reimbursement. Reimbursement requests will be based on actual, not budgeted costs. Director of Operations will verify the accuracy of the match requirement.

Again, the Deputy Fire Chief will review the time sheets to make sure they are accurate and are to be included in for the grant reimbursement. They will be tracked outside of payroll for the reimbursement and maintained for documentation purposes.

I have attached a document that outlines the process for Federal grants.



**CORRECTIVE ACTION PLAN**

For Audit 2022 – Response date 7/11/23

**FINDING 2022-001** (Financial Transactions & Reporting)

Contact Person Responsible for Corrective Action: Jeb Bardon  
Contact Phone Number 317-418-7855

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The current process is now that the Fire Department deals with getting the bills to the billing company. Then, the deposits are automatically deposited into the bank account prompted by the outside billing company. Then, the Township Accounting Specialist will review the records based on the report. Then, the outside accounting company will input them in the accounting system and will notify of any discrepancies so that they are resolved. The offsite accounting company will reconcile the bank statement as well as the statement from the outside billing company. This will ensure the Township is receiving the money they are supposed to based on the actual billings.

Anticipated Completion Date: 9/30/23

**FINDING 2022-002** (Medicaid Cluster – Activities Allowed or Unallowed)

Contact Person Responsible for Corrective Action: Jeb Bardon  
Contact Phone Number 317-418-7855

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Federal Cost report beginning 2022 will be done by a new firm. The firm is Blue & Co. They are a well-established CPA. The information that is supplied to the CPA firm will be maintained by Wayne Township and will be put the finished cost report. This is for the financial and other metrics that are needed for the report. The cost report will be reviewed for accuracy by the Township Office.

Since the audit is just completed for 2019, this comment be repeated until we receive the funds for 2023 which will probably occur in 2026.

Anticipated Completion Date: 9/30/23

**FINDING 2022-003** (Medical Assistance Program)

Contact Person Responsible for Corrective Action: Jeb Bardon  
Contact Phone Number: 317-418-7855

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Internal controls are being updated and will be adopted by the Board. The Township and Fire Department have worked on division of duties. Now the Fire Department will process a payment and will be approved by someone else in Fire Department. Then, the bill will be reviewed by the Township Accounting Specialist and will be paid by the outside accounting service. After the check is written, the Trustee will sign. If an invoice is over \$5000 the Trustee will sign off prior to the payment.

The payments received by the Medicaid program will be reviewed by the Township Accounting Specialist. After the person agrees it is then inputted in the accounting software and coded to the proper account.

The accounting software is reconciled on a monthly basis to ensure all transactions are accounted for properly and accurately.

Anticipated Completion Date: 9/30/23

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

## OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.