



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

December 21, 2023

TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, BROWN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Washington Township (Township), Brown County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

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

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

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

Comments

ANNUAL FINANCIAL REPORT - LATE SUBMISSION

The same comment also appeared in prior Reports B47379 and B56017.

Condition and Context

The Township filed their Annual Financial Report (AFR) late for 2019, 2020, and 2021. The AFR is due 60 days after fiscal year end and the Township submitted its reports for 2019, 2020, and 2021, on July 14, 2020 (135 days late); July 21, 2021 (132 days late); and August 31, 2022 (182 days late); respectively.

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](#)."

100R CERTIFIED REPORT FILED AFTER DUE DATE

Condition and Context

The Township is required to submit a 100R report by January 31 of every year unless January 31 falls on a Saturday or Sunday. The Township filed the 100R report late in one of the four years. The Township submitted 100R reports for 2019 on July 6, 2020 (157 days late).

Criteria

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

"Every state, county, city, town, township, or school official . . . 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 each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said 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](#)."

GATEWAY MONTHLY AND ANNUAL UPLOADS

The same comment also appeared in a Management Letter addressed to the Officials of the Township for the period ending December 31, 2018.

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, 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.

The Township did not comply with the State Examiner Directive and failed to upload any of the required monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2019, 2020, 2021, and 2022.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients.

A user guide for the Engagement Uploads is available and located at: <https://gateway.ifionline.org/userguides/engagementguide> **It is pertinent that this user guide be used in conjunction with this Directive.** It provides critical information to you that will help guide you to uploading the correct documents.

(Amended 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)

BOARD REORGANIZATION - BOARD MINUTES MISSING OR INCOMPLETE

Condition and Context

The Township Board did not conduct or document the reorganization of its members, including the election of its Chair or Secretary, for years 2021, 2022, and 2023.

The Township Board did not provide adequate detail when recording the minutes. It was unclear whether the records provided included the minutes for all meetings held during the engagement period. In addition, no minutes were provided for any meeting held after February 2, 2022.

Criteria

Indiana Code 36-6-6-7 states:

"(a) The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year.

(b) If a newly elected legislative body holds a special meeting before the first Tuesday after the first Monday in the January following its election, it shall elect a chair and a secretary before conducting any other business. The chair and secretary elected at the special meeting retain those positions until the first Tuesday after the first Monday in January of the year following the special meeting."

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

CAPITAL ASSETS

The same comment also appeared in prior Report B56017.

Condition and Context

The Township had not adopted a capital assets policy, conducted a physical inventory, or maintained any record of its capital assets during the engagement period.

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)

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, during the engagement, required personnel had not received training concerning the internal control standards.

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](#)."

ANNUAL FINANCIAL REPORT - BEGINNING AND ENDING BALANCES

A similar comment also appeared in prior Reports B47379 and B56017, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

The Township's financial information pertaining to beginning cash and investment balances were entered in error into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the Annual Financial Report and financial statements.

For 2019, the Township fund beginning cash and investment balance entered in Gateway was \$5,412 less than the prior period ending cash and investment balance reported for 2019. For 2022, the Township Assistance and Cumulative Fire funds beginning cash and investment balance entered in Gateway were \$1,052 and \$10 more than the ending cash and investment balance for 2021, respectively. Beginning and ending balances should agree.

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](#)."

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Reports B39944, B47379, and B56017.

Condition and Context

As has been the case in the prior three reports referenced above, depository reconciliations of the fund balances to the bank account balances were conducted; however, reconciliations did not balance. The Trustee provided outstanding check lists; however, reconciliations were not being properly performed. Bank account reconciliations were completed for the period ending December 31, 2019, 2020, 2021, and 2022; with a cash long of \$13,327, \$18,239, \$25,636, and \$21,226, respectively.

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

A similar comment also appeared in prior Reports B47379 and B56017.

Condition and Context

There were errors found in comparisons between the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statements and the bank account reconciliations. Errors identified during review included three deposits not recorded to the Township's record's totaling \$24,577.

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)

SUPPORTING DOCUMENTATION - DISBURSEMENTS

Condition and Context

The Township did not provide supporting documentation for 15 of the 25 disbursements selected for testing.

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)

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

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

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
Township	\$ 107,534
Township Assistance	65,238
Fire Fighting	97,355
Rainy Day	37,385
Cumulative Fire	<u>363,371</u>
Total	<u><u>\$ 670,883</u></u>

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

The contents of this report were communicated to Brandon Magner, Trustee, and Keith Baker, Chair of the Township Board, on December 18, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner