



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

00000610A

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)

October 4, 2023

TO: THE OFFICIALS OF ADAMS TOWNSHIP, DECATUR COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Adams Township (Township), Decatur 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.

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](http://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**

**ADOPTION OF INTERNAL CONTROL STANDARDS**

This same comment also appeared in prior Report B51335.

*Condition and Context*

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

*Criteria*

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

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

## **TRAINING ON INTERNAL CONTROL STANDARDS**

This same comment also appeared in prior Report B51335.

### *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:

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

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision;
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

## **CERTIFICATION ON INTERNAL CONTROL STANDARDS**

This same comment also appeared in prior Report B51335

### *Condition and Context*

The Township certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and 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, the Trustee indicated that the Township had not adopted the minimum internal control standards and that all 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](#)."

## **CONTRACTS**

A similar comment appeared in a Management Letter addressed to the Officials of Adams Township for the compliance period ending December 31, 2017.

### *Condition and Context*

The Township made payments throughout the engagement period to various vendors for services totaling \$13,000 that were not supported by written contracts.

In addition, the Township disbursed \$1,273 in excess of the contracted amount to the St. Paul Volunteer Fire Department in 2022. The contract was neither amended nor an additional contract provided to support this additional amount paid.

*Criteria*

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)

**APPROVAL OF CONTRACTS**

*Condition and Context*

The Trustee contracted for fire services without the approval of the Township Board.

*Criteria*

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 services within the township. . . ."

**PENALTIES, INTEREST, AND OTHER CHARGES**

*Condition and Context*

The Trustee was responsible for the timely submission of payroll withholding tax payments. The Township paid a total of \$803 in penalties and interest to the Indiana Department of Revenue for late payment of state and local payroll withholding taxes for the years 2018 through 2022.

The Trustee was responsible for timely payment of claims. During testing, invoices with late fees of \$19 were found.

*Criteria*

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)

## **SUPPORTING DOCUMENTATION**

### *Condition and Context*

Of the 32 sampled Township checks tested for compliance, supporting documentation for 9, or 28 percent, of the sample could not be provided. The total of these checks without supporting documentation was \$9,425.

### *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)

## **RECORD OF HOURS WORKED**

### *Condition and Context*

The Township established rates of pay via the 2021 and 2022 salary resolutions for salaried and hourly employees. However, no supporting documentation of hours worked for hourly employees was presented for audit, and, therefore, hours worked and amount paid could not be substantiated.

### *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)

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

(1) covered by section 1 or 2 of this chapter; . . ."

Indiana Code 5-11-9-2 states: "On and after January 1, 1948, all accounts or vouchers of any political subdivision of the state for personal services of officers and employees shall be made in such form as may be prescribed by the state board of accounts."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Township, 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  
As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township General	\$ 53,889
Township Assistance	31,665
Firefighting	75,048
Rainy Day	4,622
Excess Levy	1,784
Cumulative Fire	37,561
Donations	4,707
Payroll Deductions	<u>17,059</u>
Total	<u>\$ 226,335</u>

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

The contents of this report were communicated to Rachel Mirick, Trustee; Bethany Fellows, Township Board Secretary; and Ken Ewing, Township Board member, on September 27, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner



Adams Township Trustee  
Decatur County

765-570-3329  
adamstwnshptrustee@gmail.com

## **OFFICIAL RESPONSE**

October 1, 2023

Indiana State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, IN 46204-2765

Re: Adams Township, Decatur County  
Official Response to the 2018-2022 Audit

We recognize that the SBOA has identified several areas in which Adams Township was not in compliance during the years 2018-2022. Our office had previously identified some of these same areas of concern along with other issues that needed to be addressed. From instances where the previous administration failed to comply to instances where funds were mismanaged to discovering unpaid taxes for the last 3 ½ years, the current Trustee and Advisory Board are actively working to rectify all issues of concern and are eager to move forward with a clean slate.

We want the constituents of the township to be confident and trust the actions of our office. With a new Trustee & Deputy Clerk and two of the three board members being new, we promise that we will comply with all guidelines and do our due diligence to run the office to the best of our ability, having respect for each other and the members of our community, as well as meeting deadlines, complying with State guidelines, etc. Working with our Field Examiner through this audit process has helped to better educate us on proper and timely reporting of township reports and financing.

We have worked hard and diligently to get things back on track for Adams Township. We are excited for a fresh start and look forward to serving the citizens of Adams Township with respect and integrity. We welcome all residents to attend our meetings and offer their concerns and feedback. As well, the office is always available to take your call and discuss any matters.

Rachel Mirick, Trustee  
Adams Township, Decatur County