



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

November 13, 2023

TO: THE OFFICIALS OF GEORGETOWN TOWNSHIP, FLOYD COUNTY, INDIANA

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

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 instance of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

CONDITION OF RECORDS

Condition and Context

The Township did not properly maintain the prescribed form, Financial and Appropriation Record (Form 1C), used to the record the receipts, disbursement, and balances by fund; a control of all funds; and a control of expenditures by appropriation. Financial information for the month of December 2018 was not presented for examination. The Financial and Appropriation Record (Form 1C) was not completed for the years 2019, 2020, 2021, and 2022.

As a result of the failure to maintain financial records, the accuracy of the Annual Financial Report (AFR) filed by the Township on the Indiana Gateway for Government Units financial reporting system, which are the source of the Schedule of Cash and Investment Balances - Regulatory Basis, for the years 2018, 2019, 2020, 2021, and 2022, could not be ascertained.

Due to the failure to maintain a record of receipts, disbursements, and balances, depository reconciliations of the fund balances to the bank account balances were not conducted for 2019, 2020, 2021, and 2022. As a result, the ending cash and investments balance reported as of December 31, 2022, was \$99,617 less than the adjusted bank balance.

A review of the AFR identified the following inconsistencies:

1. Receipts and disbursements for the year 2018 were reported as zero.
2. The January 2019 beginning balance was not in agreement with the ending balance reported in December 2018.
3. The January 2020 beginning balance was not in agreement with the ending balance reported in December 2019.
4. Receipts were not reported for the year 2021.

During the examination period the prescribed Form 16, Township Trustee Receipts, and Form 6, Township Trustee Check, were not used to document financial transactions. Prescribed Form 16, Township Trustee Receipt, is used to document monies received and to identify the source of the monies for proper recording of the transaction to the financial records and to provide the payor with proof of receipt of funds. Form 6, the Township Trustee Check, is to be used for payment of payroll and payment of other expenses and must be prenumbered and printed in triplicate. The duplicate is the voucher copy to accompany the annual report to the County Auditor. The payee line should be signed by the recipient of Township funds in all instances where Township Assistance is provided directly to the eligible person. The triplicate copy is retained by the Trustee.

Criteria

Indiana Code 36-6-4-5 states:

"The executive shall maintain:

- (1) a general account showing the total of all township receipts and expenditures; and
- (2) the financial and appropriation records of the township, which must include an itemized and accurate account of the township's financial affairs."

Indiana Code 36-6-4-6 states:

"(a) For each sum of money received by the executive, the financial and appropriation record must show:

- (1) the date it was received;
- (2) from whom it was received; and
- (3) to what account it was credited.

(b) For each sum of money paid by the executive, the financial and appropriation record must show:

- (1) the date it was paid;
- (2) to whom it was paid;
- (3) from what account it was paid; and
- (4) why it was paid.

(c) The state board of accounts shall prescribe the form of the financial and appropriation record."

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](#)."

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."

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)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 51-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SUPPORTING DOCUMENTATION

Condition and Context

The Township did not provide adequate documentation, such as, purchase orders, invoices, and Township Assistance Applications, to support all monies disbursed during the engagement period. Documentation to support disbursements did not always contain a cross reference number to the check issued or the name of the person receiving assistance for cross referencing with the Township Assistance Application. A review of disbursements made identified the following instances of noncompliance with statute or accounting guidelines and practices:

1. A disbursement was made in the amount of \$369 for items purchased for donation to an Angel Tree program, which include the purchase of a \$100 gift card.
2. Disbursements totaling \$2,467 were made to the Trustee and his wife, serving as clerk, for the years 2019 to 2022 for reimbursement of mileage without proper documentation. Although the Trustee maintained a log of miles traveled, the prescribed Mileage Claim Form 101, was not completed to document the time period of the mileage reimbursed, number of miles traveled, and the reimbursement amount per mile to match with the amount of reimbursement paid.

3. Cash withdrawals were made in 2019 in the amount of \$594. A notation was made on a bank withdrawal slip for \$200 with reference to a name of a person for which a Township Assistance Application was completed; however, no documentation was provided to support how the \$200 was used. No documentation was provided for the remaining withdrawal in the amount of \$394.
4. A policy was not presented for the engagement period documenting approval by the Township Board for reimbursement to the Trustee for cost related to rent and telephone services. Amounts were paid to the Trustee as follows:

Years	Rent	Telephone
2018	\$ 4,000	\$ 973
2019	4,800	1,100
2020	7,800	650
2021	7,800	1,100
2022	7,800	1,100

5. Payments were made for internet service totaling \$3,271 for the years 2019 to 2022. A policy was not presented documenting Township Board approval of the share of internet service to be paid from Township funds.
6. Payments were made to the Township Trustee for cemetery maintenance without a contract, policy, or documentation showing Township Board approval. Payments for cemetery maintenance were made in the amounts of \$1,250 in 2018, and \$3,000 in each year of 2019, 2020, and 2021.
7. Payments were made to individuals for cemetery maintenance in 2021 in the amount of \$2,500, and in 2022 in the amounts of \$3,000 and \$1,400 without a contract or other documentation to support the disbursement.
8. Payments were made to the Township Trustee for reimbursement of groceries for Township Assistance in the amount of \$597; however, there was no documentation of the person receiving assistance to allow for cross referencing with the Township Assistance Application.
9. In addition to issues identified above, supporting documentation was not provided for 9 out of 16 (56) disbursements tested.
10. Township Assistance Standards approved by the Township Board were not provided to determine the Township Assistance disbursements made were in compliance with the Township's policy.

Criteria

Indiana Code 12-20-20-1 states:

"(a) If a township trustee, as administrator of township assistance, grants township assistance to an indigent individual or to any other person or agency on a township assistance order as provided by law or obligates the township for an item properly payable from township assistance money, the claim against the township must be:

- (1) itemized and sworn to as provided by law;
- (2) accompanied by the original township assistance order, which must be itemized and signed; and

(3) checked with the records of the township trustee, as administrator of township assistance, and audited and certified by the township trustee.

(b) The township trustee shall pay claims against the township for township assistance in the same manner that other claims against the township are paid. The township trustee, when authorized to pay claims directly to vendors, shall pay a claim within forty-five (45) days. The township trustee shall pay the claim from:

- (1) any balance standing to the credit of the township against which the claim is filed; or
- (2) from any other available fund from which advancements can be made to the township for that purpose.

(c) A township assistance claim for prepaid electric service shall be paid in accordance with [IC 12-20-16-3.5](#)."

Indiana Code 12-20-5.5-1 states:

"(a) The Township trustee shall process all applications for township assistance according to written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) 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.

(c) The township trustee shall annually certify that the uniform written standards for the issuance of township assistance have been filed with the board of county commissioners as required under subsections (b)(2). The certification shall be noted in the township's budget submitted to the department of local government finance's computer gateway under [IC 6-1.1-17-3](#)."

Indiana Code 36-6-8-3(a) states in part:

"The annual appropriation to a township executive for the expense of renting an office and telephone . . . expense must, as nearly as is possible, be equal to the actual costs of those items. If the township executive uses a part of the executive's residence for an office, the township legislative body shall appropriate a reasonable sum for that office space."

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)

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)

Public funds cannot be donated or given to other organizations or individuals unless specifically authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Township, Chapter 1)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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 and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

If there is a policy adopted by the Township Board and presented to us that allows the Trustee full reimbursement of these expenses, even though the use of these services was not restricted to Township use, we would not take exception. . . .

Using Township funds to pay for personal use of telephone, cell phone, or internet services without documented and approved Township policy may be the personal obligation of the responsible official or employee. (Township Bulletin and Uniform Compliance Guidelines, December 2017)

CASH WITHDRAWAL

Condition and Context

A cash withdrawal in the amount of \$3,000 was made on October 13, 2020, without supporting documentation. Upon further inquiry with the Trustee, he stated the monies were withdrawal in error from the Township's bank account instead of his personal bank account that was held at the same financial institution. Failure to maintain financial records and perform monthly bank reconciliations as described in the comment entitled "*Condition of Records*" resulted in the error going undetected.

Upon inquiry of the cash withdrawal, Dee Roney, Trustee, subsequently deposited \$3,000 in the Township bank account on October 26, 2023.

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."

Indiana Code 36-6-4-5 states:

"The executive shall maintain:

- (1) a general account showing the total of all township receipts and expenditures; and
- (2) the financial and appropriation records of the township, which must include an itemized and accurate account of the township's financial affairs."

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- (1) the date it was paid;
- (2) to whom it was paid;
- (3) from what account it was paid; and
- (4) why it was paid.

(c) The state board of accounts shall prescribe the form of the financial and appropriation record."

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Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COMPENSATION AND BENEFITS

Condition and Context

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period. Disbursements made for salaries exceed the budgeted salary amount for the years 2018 by \$90; 2019 by \$2,500; and in 2020 by \$500.

Criteria

Indiana Code 36-6-6-10(c) states: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

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)

NEPOTISM IN EMPLOYMENT

Condition and Context

Information was not presented for the engagement period showing the Township had adopted a Nepotism in Employment policy as required by Indiana Code 36-1-20.2-9(a).

Criteria

Indiana Code 36-1-20.2-9(a) states in part: "This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

NEPOTISM - ANNUAL CERTIFICATION

Condition and Context

Annual certifications were not completed by December 31 during each year of the engagement period certifying in writing that the elected official had not violated Indiana Code 36-1-20.2 (Nepotism) and Indiana Code 36-1-21 (Contracting with a Unit).

Criteria

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."

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."

ADOPTION OF, TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

Condition and Context

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

The Township certified on Gateway 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, Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the Township had not received training over internal control standards that were 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."

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 - LATE SUBMISSION

Condition and Context

The Township's Annual Financial Reports for 2018, 2019, 2020, 2021, and 2022 were not filed electronically until July 31, 2019, July 2, 2020, May 16, 2022, August 31, 2022, and March 9, 2023, which were 151, 123, 440, 182, and 7 days, respectively, past the due dates.

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](#)."

BOARD MINUTES

Condition and Context

Minutes of meetings of the Township Board for the years 2019 and 2022 were not presented for review.

In addition, there was no indication the Township Board organized in January for the years 2019, 2020, 2021, and 2022.

Criteria

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 36-6-6-7(a) states: "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 chairs for that year and one (1) member as secretary for that year."

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

As of July 18, 2023, the Township had not uploaded all required monthly and annual engagement uploads for the years 2019, 2020, 2021, and 2022 into the Indiana Gateway for Government Units financial reporting system as required by the Amended State Examiner Directive 2018-1. For 2018, the required monthly information for November and December 2018 had not been uploaded.

Criteria

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)

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
- 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)

(The Township Bulletin and Uniform Compliance Guidelines, December 2020)

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

<u>Fund</u>	<u>Cash and Investments 12-31-22</u>
Township Fund	\$ 94,875
Township Assistance	26,704
Excess Levy	<u>440</u>
Total	<u>\$ 122,019</u>

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

The contents of this report were communicated to Dee Roney, Trustee, and Ed Snelling, Chair of the Township Board, on October 26, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner