

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PIPE CREEK TOWNSHIP

MADISON COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED

12/04/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Patrick Hoose Marian L. Dunnichay	01-01-18 to 12-31-18 01-01-19 to 12-31-23
Chair of the Township Board	Connie Gardner Sheila R. McPhearson	01-01-18 to 12-31-18 01-01-19 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PIPE CREEK TOWNSHIP, MADISON COUNTY, INDIANA

This report is supplemental to the audit report of the Pipe Creek Township (Township), for the period from January 1, 2018 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with the Financial Statements Audit Report of the Township, which provides our opinions on the Township's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

Beth Kelley, CPA, CFE
Deputy State Examiner

November 29, 2023

PIPE CREEK TOWNSHIP, MADISON COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Township related to receipts and debit card disbursements.

Receipts

The Township had not separated incompatible activities related to receipts. Throughout the audit period, one employee received collections, posted to the ledger, and took deposits to the bank without evidence of an oversight or review process to ensure the accuracy, completeness, timeliness, and classification of the receipts.

Debit Card Disbursements

There was no documented control in place over the review of debit card purchases made during the audit period. Both the Trustee and Bookkeeper are authorized to use debit cards to make purchases; however, there was no evidence of an oversight or review process over these purchases.

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:

PIPE CREEK TOWNSHIP, MADISON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

"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. . . ."

CAPITAL ASSETS

Condition and Context

The Township had not adopted a capital assets policy that detailed the threshold at which an item was considered a capital asset. The Township did not have a complete detailed listing of all capital assets owned, nor was a physical inventory completed every two years as required. A physical inventory was completed in September 2023, subsequent to the audit 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)

Pipe Creek Township Trustee Office

Marian L. Dunnichay, Trustee

November 29, 2023

Indiana State Board of Accounts

302 West Washington St., Room E418

Indianapolis, IN 46204-2765

This response is in regard to the exit interview that was conducted today.

1. INTERNAL CONTROLS

Our office has implemented criteria where all receipts/deposits/debit card disbursements will be reviewed to ensure the accuracy, completeness, timeliness and classification of said receipts.

2. CAPITAL ASSETS

The Advisory Board met on October 3, 2023 and passed Resolution 2023-03, Capital Asset Policy. After signatures were obtained this form

was emailed to SBOA, therefore bringing our office into compliance. This policy will be brought before the board every 2 years for renewal.

Marian L. Dunnichay

Pipe Creek Trustee

A handwritten signature in cursive script that reads "Marian L. Dunnichay". The signature is written in a dark ink and is positioned below the printed name and title.

PIPE CREEK TOWNSHIP, MADISON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2023, with Marian L Dunnichay, Trustee; Sandy D. Murray, Bookkeeper; Sheila R. McPhearson, Chair of the Township Board; and Patrick Hoose, former Trustee.