



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

000001025A

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September 19, 2023

TO: THE OFFICIALS OF NEVINS TOWNSHIP, VIGO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Nevins Township (Township), Vigo County, for the period of January 1, 2018 to December 31, 2021, 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, AND TRAINING ON, INTERNAL CONTROL STANDARDS**

A similar comment also appeared in prior Report B52092, entitled *INTERNAL CONTROL STANDARDS*.

*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.

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; and

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

## **ANNUAL FINANCIAL REPORTS**

A similar comment also appeared in prior Report B52092, entitled *TIMELY RECORDING*.

### *Condition and Context*

The Annual Financial Reports (AFR) submitted in the Indiana Gateway for Government Units (Gateway) financial reporting system contained a number of errors throughout the engagement period:

1. In the 2017 AFR, the Payroll Fund had an ending balance of \$1,408. The Township excluded reporting the Payroll Fund in the 2018, 2019, and 2020 Annual Financial Reports. The Payroll Fund was included in the 2021 AFR.
2. Beginning balances on the 2021 AFR were \$20,906 less than the ending balances on the 2020 AFR. Beginning and ending balances should agree.
3. Distributions received from the County Auditor were not properly shown and categorized on the AFRs throughout the engagement period.

The Township's AFRs for 2019, 2020, and 2021 were not filed electronically until May 29, 2020, April 27, 2021, and May 3, 2023, which was 89, 56, and 427 days past the due date.

As of August 31, 2023, the Township has not filed their 2022 AFR in Gateway, which was due March 2, 2023.

### *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](#)."

## **OVERDRAWN CASH BALANCES**

### *Condition and Context*

The Fire Fighting fund had an overdrawn cash balance of \$35,542 at December 31, 2021.

### *Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

## **BANK ACCOUNT RECONCILIATIONS**

The same comment also appeared in prior Report B52092.

### *Condition and Context*

The Township did not provide monthly bank reconciliations for the entire engagement period of January 1, 2018 to December 31, 2021. We performed cursory bank reconciliations as of December 31, 2018, 2019, 2020, and 2021. A cursory bank reconciliation consists of adjusting the bank balance for checks and deposits that cleared the bank in the following months, but were recorded in the records as of December 31, 2018, 2019, 2020, and 2021. We did not make adjustments for any prior outstanding checks or deposits which may or may not have cleared the bank, or any other errors or omissions disclosed in this report.

The following shows the comparison of the cursory reconciled bank balance to the Annual Financial Report balance reported by the Township in the Indiana Gateway for Government Units financial reporting system as of December 31, 2018, 2019, 2020, and 2021.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Adjusted Bank Balance	\$ 116,926	\$ 134,064	\$ 146,042	\$ 117,540
Annual Financial Report	<u>126,184</u>	<u>161,521</u>	<u>174,861</u>	<u>124,374</u>
Difference - Cash Short	<u>\$ (9,258)</u>	<u>\$ (27,457)</u>	<u>\$ (28,819)</u>	<u>\$ (6,834)</u>

### *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."

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)

## **CAPITAL ASSETS**

### *Condition and Context*

The Township had not adopted a capital asset policy that details the threshold at which an item is considered a capital asset. In addition, the Township had not conducted a physical inventory at least every two years or kept a complete detail listing of all capital assets owned which reflects their acquisition value.

### *Criteria*

Every unit must have a capital asset 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)

## **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.

### *Criteria*

Indiana Code 36-6-6-10(b) states: "The township legislative body shall fix the: (1) salaries; (2) wages; (3) rates of hourly pay; and (4) remuneration other than statutory allowances; of all officers and employees of the township."

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)

## **100R - LATE SUBMISSION OF CERTIFIED REPORT**

### *Condition and Context*

The Township's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2019, 2020, and 2021 was not filed electronically until April 25, 2020, April 22, 2021, and May 2, 2023, which was 85, 81, and 456 days past the due date, respectively.

As of August 31, 2023, the Township's Form 100R for 2022, which was due on January 31, 2023, had not been submitted.

### *Criteria*

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

"Each audited entity 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 the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the 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](#)."

## **MONTHLY AND ANNUAL ENGAGEMENT UPLOADS**

### *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.

As of August 31, 2023, the Township had not uploaded all required monthly and annual engagement uploads for 2018, 2019, 2020, 2021, 2022, and year-to-date 2023 into the Indiana Gateway for Government Units financial reporting system as required by the Amended State Examiner Directive 2018-1.

#### *Criteria*

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (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)

### **SUPPORTING DOCUMENTATION**

#### *Condition and Context*

There were instances throughout the engagement in which proper supporting documentation was not provided by the Township:

1. Ledgers were not provided for review; therefore, we could not verify if transactions were properly and timely recorded by the Township.
2. Contracts were not provided for review; therefore, we could not verify if payments made for contractual services were supported by a written contract.
3. Supporting documentation, such as receipts, bills, invoices, and other public records, were not provided for review throughout the engagement period.

#### *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)

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)

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)

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, 2021

Fund	Cash and Investments 12-31-21
Township	\$ 64,683
Township Assistance	4,829
Fire Fighting	(35,543)
Rainy Day Fund	6,000
Cumulative Fire	72,721
Payroll Fund	1,408
Nevins Township Water Project	<u>10,276</u>
Total	<u>\$ 124,374</u>

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

An exit conference was held on August 31, 2023. The Trustee, Brittany Van Hook, was invited but did not attend.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner