



STATE OF INDIANA
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November 28, 2023

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

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

ADVANCE PAYMENTS

The same comment also appeared in prior Report B56197.

Condition and Context

Payments were made in advance of services provided for cemetery maintenance.

In addition, advance payments for salaries of the Trustee, Township Clerk, and members of the Township Board were made in 2021 and 2022. During 2021, the Trustee, Township Clerk, and members of the Township Board were paid before the end of the month in December. During 2022, the Trustee and Township Clerk were paid before the end of the month in January, February, March, and April.

Criteria

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

APPROPRIATIONS

The same comment also appeared in prior Reports B47444 and B56197.

Condition and Context

Township fund expenditures exceeded appropriations by \$11,583 for 2019. Township Assistance fund expenditures exceeded appropriations by \$839 and \$6,175 for 2021 and 2022, respectively.

Criteria

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report for 2019 included the Township fund with a beginning balance that was \$38,613 more than the prior period ending balance, and the Township Assistance fund with a beginning balance that was \$38,613 less than the prior period ending balance. Beginning balances and prior period 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](#)."

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)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B56197.

Condition and Context

The Township adopted a policy on internal control standards; however, the policy did not identify the standards and procedures adopted. In addition, the Township did not have any evidence that training had been completed by personnel.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B56197.

Condition and Context

The Township certified, in 2019, 2020, 2021, and 2022, on the Indiana Gateway for Government Units financial reporting system, that an internal control policy had been adopted and that required personnel were trained concerning internal controls; however, the policy provided did not state that the Township had adopted the acceptable minimum level of internal control standards and there was no evidence that the training had been completed.

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](#)."

MONTHLY AND ANNUAL 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.

The Township did not comply with the State Examiner Directive and failed to upload any of the annual files on the Indiana Gateway for Government Units financial reporting system for 2020, 2021, and 2022. The Township only uploaded year end-end bank statement of the annual files for 2019.

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)

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	\$ 4,960
Township Assistance	<u>48,725</u>
Total	<u>\$ 53,685</u>

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

The contents of this report were communicated to Jeanie Williams, Trustee, and Angie Jaynes, Chair of the Township Board, on October 30, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

Riley Township

RILEY TOWNSHIP OFFICIAL RESPONSE TO COMPLIANCE RESULTS AND COMMENTS

We wish to file an official response to the Riley Township Compliance Results and Report. Jeanie Williams, the current township trustee's term began January 1, 2023 and the years/term that the audit covers in this report are 2019-2022. The current trustee was made aware of several areas of non-compliance once the audit began and throughout the whole process. We wish to address each of the areas to the best of our ability in this official response.

Advance Payments

We became aware that Riley Township was not in compliance between 2019-2022 with state statute regarding advance payments at the beginning of the current trustee's term when a contractor requested compensation in advance for services not yet rendered, and we made it clear that we would not be making advance payments any longer. Compensation and any other payments for goods and services will not be paid in advance of receipt of the goods or services unless specifically authorized by law. A policy is now in place to prevent this from occurring in the future.

Appropriations

Township fund expenditures exceeded appropriations by \$11,583 for 2019. Township Assistance fund expenditures exceeded appropriations by \$839 and \$6,175 for 2021 and 2022, respectively.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this Article."

We understand that we cannot and will not exceed appropriations for the budget. We became aware that this had occurred previously and we have made adjustments in the 2024 budget to assure this does not happen again.

Annual Financial Report

The Annual Financial Report for 2019 included the Township Fund with a beginning balance that

was \$38,613 more than the prior period ending balance, and the Township Assistance Fund with a beginning balance that was \$38,613 less than the prior period ending balance. Beginning balances and prior period ending balances should agree.

We are working on correcting this error in the 2022 Annual Financial Report now. We will 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. We will file accurate reports required by federal and state agencies and understand that noncompliance may require corrective action.

Adoption of and Training on Internal Control Standards

We were not aware that we did not have the proper internal control standards in place but do acknowledge that such standards and policies need to be in place. We are in the process of writing an internal control policy and the board will vote to adopt the policy, each employee will receive the training on internal controls prescribed by the state and will be certified, we will provide the correct documentation for training, and the board will appoint an oversight committee for internal controls and procedures.

Monthly and Annual Uploads

We will upload bank reconciliements, approved board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund. We will upload 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. We have been made aware that the township did not comply with the State Examiner Directive and failed to upload any of the annual files on the Indiana Gateway for Government Units (Gateway) financial reporting system for 2020, 2021, and 2022. The township only uploaded year end-end bank statement of the annual files for 2019.

We are in the process of working on our Corrective Action Plan so we can be fully compliant.

Jeanie B. Williams

Riley Township Trustee