

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITE RIVER TOWNSHIP

HAMILTON COUNTY, INDIANA

January 1, 2018 to December 31, 2022



**FILED**  
11/06/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jamie Rulon	01-01-18 to 12-31-23
Chair of the Township Board	Donna Gentry L. Suzanne Flanders	01-01-18 to 12-31-22 01-01-23 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF WHITE RIVER TOWNSHIP, HAMILTON COUNTY, INDIANA

This report is supplemental to the audit report of White River 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/](http://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

October 30, 2023

WHITE RIVER TOWNSHIP, HAMILTON COUNTY  
AUDIT RESULTS AND COMMENTS

**FINANCIAL TRANSACTIONS AND RECORDING**

*Condition and Context*

The Township had not designed or implemented an effective system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, errors related to receipts and financial close and reporting. An oversight or review process was documented, but did not prevent, or detect and correct, errors to ensure that the financial information recorded and reported was accurate and complete.

The Township's financial information was prepared and electronically submitted to the Indiana Gateway for Government Units financial reporting system, which was the source of the Township's Annual Financial Report (AFR) and financial statements. Due to the lack of effective internal controls, the following errors occurred:

- The proceeds received by the Township from the Building Corporation Fire Bond were deposited into a separate Township bank account, but were not recorded as a receipt in the financial ledger or included in the AFR, which resulted in an understatement of both receipts and the ending cash and investments balance for 2022 in the amount of \$2,895,817.
- The Township failed to record the receipts from ambulance service billings in the financial ledger for 2021, and recorded all receipts related to 2021 and 2022 in 2022, resulting in an understatement of receipts and the ending cash and investments balance in 2021 of \$26,055, and an overstatement of 2022 receipts of \$26,055.

Adjustments were proposed, accepted by management, and made to the financial statements presented in the Financial Statements Audit Report of the Township.

*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](#)."

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:

"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. . . .

WHITE RIVER TOWNSHIP, HAMILTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

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. . . ."

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)

### **BANK ACCOUNT RECONCILIATIONS**

#### *Condition and Context*

The Township had not designed or implemented an effective system of internal controls, which would include appropriate segregation of duties that would likely be effective in preventing, or detecting and correcting, errors related to cash and investments. The Township did not have supporting documentation that the monthly bank reconciliations were being reviewed.

The Township was not reconciling all bank accounts to the financial ledger for 2021 or 2022. The Township had a bank account that was used to deposit collections for ambulance services that were not reported on the financial ledger. At December 31, 2021 and 2022, the bank account had \$26,055 and \$2,467, respectively. Also, there was a bank account that had a balance of \$2,895,817 at December 31, 2022, that represented proceeds received by the Building Corporation that was not included on the financial ledger and, therefore, not reconciled to the bank.

Additionally, the December 31, 2022 outstanding check list presented was not accurate. It included a check for \$9,942 that had cleared before year end and, therefore, was not outstanding; and the list did not include a check for \$1,535 that actually was still outstanding at December 31, 2022.

#### *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."

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:

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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. . . ."

WHITE RIVER TOWNSHIP, HAMILTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The following issue were noted in the other information reported on Gateway:

1. The Township did not report any accounts payable and receivable amounts for any year of the audit period.
2. The Township did not report a lease with the White River Township Public Building Corporation that was entered into December 2022 with payments due in 2023. Also, the 2013 lease with the White River Township Public Building Corporation was entered as a bond instead of a lease for 2018-2022, and the Township reported a balance due at December 31, 2022; however, the debt was actually paid in full by December 31, 2022.
3. Capital asset information was not complete and did not reflect the acquisition value of the assets. The assets were reported at replacement value.
4. The detail of receipts and disbursements entered into Gateway was inaccurate and did not include the proceeds from the building corporation bonds in 2022, or the ambulance billing receipts for 2021 which were subsequently reported in 2022.

Adjustments were proposed, accepted by the Township, and made to the Combining Schedules of Receipts, Disbursements, and Cash an Investment Balances - Regulatory Basis and the Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report of the Township.

*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](#)."

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The only person to receive the internal control training during the audit period was the Chair of the Township Board. The Trustee and the Fire Chief did not receive training.

WHITE RIVER TOWNSHIP, HAMILTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

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

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

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

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township had not trained all key personnel on internal control standards, but the Trustee had certified in the Indiana Gateway for Government Units financial reporting system that all key personnel had been trained.

*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 Township did not comply with the State Examiner Directive and failed to upload some of the documents required on the Indiana Gateway for Government Units (Gateway) financial reporting system for the engagement period.

The Township did not upload the complete year-end investment statements, detail of receipt activity, current year salary ordinances and amendments, and annual payroll history reports on Gateway as required annually. The Township included handwritten ledgers for some years in the month of December which included only detailed disbursement activity.

The Township did not upload the actual bank statements complete with canceled check images monthly as required, rather for most months, the Township included snapshots of bank statements of the main bank account that were printed by the Trustee. Additionally, the Township did not upload complete bank reconciliations for most months. Some uploads only included a handwritten document with amounts for outstanding checks and did not include the complete reconciliation or check numbers and dates.

WHITE RIVER TOWNSHIP, HAMILTON COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

*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)

This amended directive is effective starting with December 2020 monthly files. The upload of December 2020 monthly files will be due February 15, 2021, and by the 15<sup>th</sup> of each month thereafter unless the State Board of Accounts (SBOA) establishes a different date. This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . .

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. . . .

(Amended 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, Chapter1)

WHITE RIVER TOWNSHIP, HAMILTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2023, with Jamie Rulon, Trustee, and John Dean, Township Board member.