

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SUGAR CREEK TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

11/20/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Annual Financial Report - Other Information	4
Monthly and Annual Engagement Uploads	4
Adoption of, and Training on, Internal Control Standards	5
Certification on Internal Control Standards	5
Capital Assets	5-6
Annual Nepotism Certification	6
Annual Contracting Certification	6
Bank Account Reconciliations	6-7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert Boyer Jayson Combs	01-01-19 to 12-31-22 01-01-23 to 12-31-23
Chair of the Township Board	Jayson Combs Matt Holland Jayson Combs Matt Holland	01-01-19 to 12-31-20 01-01-21 to 12-31-21 01-01-22 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 SUGAR CREEK TOWNSHIP, HANCOCK COUNTY, INDIANA

This report is supplemental to the audit report of Sugar Creek Township (Township), for the period from January 1, 2019 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

October 26, 2023

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial, supplementary, 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 Township did not provide sufficient documentation to support the capital asset information entered into Gateway.

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 ENGAGEMENT UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include bank reconciliations, approved Township Board minutes, and funds ledgers with summarized total receipts, disbursements, and cash balances by fund. Eight months of required monthly Indiana Gateway for Government Units (Gateway) financial reporting system uploads, were uploaded incorrectly or late, and two months of required monthly Gateway uploads were not uploaded at all during 2020. All the required monthly Gateway uploads were uploaded incorrectly or late during 2019, 2021, and 2022.

Annual upload requirements include year-end bank statements, year-end outstanding check lists, year-end investment statements, details of receipt activity, details of disbursement activity, current year salary ordinances, and annual vendor history reports. None of the required annual Gateway uploads were uploaded for 2020. All the required annual Gateway uploads were uploaded incorrectly or late for 2019, 2021, and 2022.

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)

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment appeared in prior Report B55353.

Condition and Context

The minimum level of internal control standards, as defined by the Indiana State Board of Accounts, had not been adopted by the Township. In addition, Township personnel had not received training concerning the internal control standards.

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

This same comment appeared in prior Report B55353.

Condition and Context

The Trustee incorrectly certified in the 2019, 2020, 2021, and 2022 Annual Financial Reports that the Township adopted an internal control policy and that personnel had received training regarding internal control standards. As of the current date, no policy has been adopted and training has not been provided to any Township personnel.

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](#)."

CAPITAL ASSETS

Condition and Context

The Township did not adopt a capital assets policy that detailed the threshold at which an item was considered a capital asset. In addition, the Township did not complete a physical inventory at least once every two years and did not have a complete, detailed listing of all capital assets that reflected its acquisition value. The capital asset listing provided by the Township did not include acquisition values for capital assets.

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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)

ANNUAL NEPOTISM CERTIFICATION

This same comment appeared in prior Report B55353.

Condition and Context

The Township's elected officials did not file an Annual Certification of Compliance with the nepotism law with the Township executive for the years 2019, 2020, 2021, and 2022.

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."

ANNUAL CONTRACTING CERTIFICATION

This same comment appeared in prior Report B55353.

Condition and Context

The Township's elected officials did not file an Annual Certification of Compliance with the contracting law with the Township executive for the years 2019, 2020, 2021, and 2022.

Criteria

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."

BANK ACCOUNT RECONCILIATIONS

This same comment appeared in prior Reports B48449 and B55353.

Condition and Context

The Township's bank reconciliations for 2020, 2021, and 2022 did not reconcile to the Township's fund balances due to errors in recording entries that caused the fund balances to be incorrect for 2020, 2021, and 2022.

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The December 31, 2021 and December 31, 2022 bank reconciliations had reconciling items that could not be verified. These reconciling items included amounts dating back to 2019. In addition, the Township had two deposits-in-transit listed on the December 31, 2022 reconciliation, totaling \$2,835. One deposit-in-transit was dated May 1, 2019, and the other September 2, 2021.

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)

SUGAR CREEK TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2023, with Jayson Combs, Trustee; Gabby Tucker, Deputy Trustee; and Matt Holland, Chair of the Township Board.