



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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December 19, 2023

TO: THE OFFICIALS OF HOBART TOWNSHIP, LAKE COUNTY, INDIANA

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

### **COMPENSATION AND BENEFITS**

#### *Condition and Context*

In the test of ten payroll checks, the following deficiencies were noted:

1. In 2021, an employee was given a raise which was stated in the Township Board meeting minutes but was not reflected in the salary ordinance.
2. In the sample of ten payroll checks, two employees had been paid on the last day of the pay period or the day before the end of the pay period.

#### *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:

"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. . . ."

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)

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)

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, 2022

Fund	Cash and Investments 12-31-22
Township Fund	\$ 140,888
Park and Recreation Fund	27,283
Township Assistance Fund	227,130
Fire Fighting Fund	1,881
Rainy Day Fund	18,710
Levy Excess Fund	58
Property Maintenance Fund	65,761
Payroll Deduction Fund	2,342
LOIT Fund	927
 Total	 \$ 484,980

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

The contents of this report were communicated to Fred Williams, Trustee, and Dianna Brooks, Executive Administrator, on December 12, 2023.

Respectfully,

A handwritten signature in blue ink that reads "Beth Kelley". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

Beth Kelley, CPA, CFE  
Deputy State Examiner