



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

000001645A

STATE BOARD OF ACCOUNTS
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December 27, 2023

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Ross 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.

The Comments contained herein describe the identified reportable instances of noncompliance found because 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

The following items were noted in the ten payroll checks tested:

1. Two hourly employees were paid less than the rate stated in the salary resolution.
2. Section III of the Trustee Personnel Policy states: "Hourly employees working over forty (40) hours in a work week will be paid at a rate one and one-half (1 ½) times the standard rate for their position for all hours in excess of forty (40) hours worked in a week."

However, two hourly employees were allowed to earn compensatory time in lieu of being paid overtime as stated in the personnel policy.

3. Payment of compensatory time and longevity upon termination of employment or resignation was not stated in the personnel policy.
4. The salary resolutions allowed for the payment of longevity. Neither the salary resolutions or personnel policy provided guidance on when longevity was to be paid or how to determine the continuous years of service. In 2021, employee longevity was not consistently applied to all employees.

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing body would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
TOWNSHIP FUND	\$ 707,957
PARKS AND RECREATION FUND	530,891
TOWNSHIP ASSISTANCE	498,928
FIRE FIGHTING FUND	289,275
RAINY DAY FUND	640,590
CASH CHANGE FUND	-
PAYROLL DEDUCTIONS	5,860
TOWNSHIP PROPERTY MAINTENANCE FUND	937,947
DONATIONS FUND	105,212
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TOTAL	\$ 3,716,660
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Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Eric A. Blackmon, Sr., Trustee; Willimena Smith, Township Assistance Supervisor; Antiqua M. Austin, Chief of Staff; and Sherri A. Ding, Senior Bookkeeper, on December 11, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner