



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 15, 2023

TO: THE OFFICIALS OF SWAN TOWNSHIP, NOBLE TOWNSHIP, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Swan Township (Township), Noble 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 Indiana Gateway for Governmental Units financial reporting system 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***

***LATE SUBMISSION OF ANNUAL FINANCIAL REPORT***

This same comment also appeared in prior Report B53992.

***Condition and Context***

The 2021 Annual Financial Report was submitted on March 12, 2022, which was 10 days past the due date.

***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](#)."

## **LATE SUBMISSION OF FORM 100R**

### *Condition and Context*

The 2020 and 2021 Form 100R reports were submitted on February 16, 2021, and March 30, 2022, which were 16 and 58 days late, respectively.

### *Criteria*

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **ADOPTION AND TRAINING OF INTERNAL CONTROL STANDARDS**

A similar comment also appeared in prior Report B53992, entitled *TRAINING ON INTERNAL CONTROL STANDARDS*.

### *Condition and Context*

The Township did not adopt internal control standards or train applicable personnel concerning the adopted 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**

### *Condition and Context*

The Township incorrectly certified on its Annual Financial Report that internal control standards had been adopted and that applicable personnel had been trained regarding the internal control standards.

### *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 asset policy that detailed the threshold at which an item would be considered a capital asset, prepare a detailed listing of all capital assets owned that reflected their acquisition value, or perform a physical inventory on the capital assets within the last two years.

### *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)

## **SALARY ORDINANCE**

### *Condition and Context*

The Township did not upload an appropriate salary resolution into the Indiana Gateway for Government Units financial reporting system as required, and upon requesting a salary resolution during the engagement, none were provided for 2022.

### *Criteria*

Indiana Code 36-6-6-10(c) states: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

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)

The following files and governmental unit information are required to be uploaded annually by all units: . . .

- Current year Salary Ordinance (or Schedule) and Amendments (except Schools) . . .

(State Examiner Directive 2018-1)

Township Form No. 17 (Revised 2020) has been prescribed to fulfill the requirements of the law. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

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)

## **ADVISORY BOARD REORGANIZATION**

### *Condition and Context*

The Township legislative body failed to organize and elect officers.

### *Criteria*

Indiana Code 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year."

## **ANNUAL FINANCIAL REPORT**

### *Condition and Context*

The Township incorrectly reported 15 of 58 local distributions totaling \$1,339 in its 2020, 2021, and 2022 Annual Financial Reports. These local distributions included commercial vehicle excise tax, financial institution tax, and local property tax received from the county. The Township also incorrectly reported 3 of 4 local income tax distributions received from the county totaling \$5,493 in its 2019, 2020, and 2022 Annual Financial Reports.

### *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](#)."

## **SUPPORTING DOCUMENTATION**

### *Condition and Context*

The Township did not provide any supporting documentation for 25 claims selected for testing. This prevented the determination of compliance as to whether documents and entries to records were made in a timely manner, whether financial transactions pertaining to the Township were recorded in the records at the time of the transaction, whether the payments were contractual in nature and were supported by a contract, and whether the uses of funds were limited to those authorized by enabling law, ordinance, resolution, or grant agreement.

### *Criteria*

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation 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  
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
Township Fund	\$ 59,729
Parks & Recreation	483
Township Assistance	4,091
Fire Fighting	106,594
Rainy Day	478
Cumulative Fire	105,137
Cemetery Operating	7,939
Payroll Withholding	<u>2,135</u>
Total	<u>\$ 286,586</u>

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

The contents of this report were communicated to Tina Ley, Trustee, on November 30, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner