

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

COMPLIANCE ENGAGEMENT REPORT

OF

LINCOLN TOWNSHIP

NEWTON COUNTY, INDIANA

January 1, 2018 to December 31, 2022



FILED
10/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sharyn Harvey Steven Holder	01-01-18 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Grace Hanley Debra Rossiter	01-01-18 to 12-31-18 01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF LINCOLN TOWNSHIP, NEWTON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Lincoln Township (Township) for the period of January 1, 2018 to December 31, 2022. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Steven Holder, Trustee; Debra Rossiter, Chair of the Township Board; Laurie Chambers, Secretary; and Teresa DeYoung, Township Board member, on September 26, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 26, 2024

LINCOLN TOWNSHIP, NEWTON COUNTY
COMMENTS

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Internal controls were not in place to ensure the funds held at the bank reconciled to the Township records. Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2020, 2021, and 2022 reconciliations did not balance compared to the ledger and amounts reported in the Annual Financial Report (AFR) submitted via the Indiana Gateway for Government Units financial reporting system.

Year	Adjusted Bank Balance	Ledger Balance	AFR Balance
12-31-20	\$ 409,275	\$ 408,775	\$ 408,775
12-31-21	500,592	509,710	509,209
12-31-22	515,660	524,780	524,780

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)

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. . . ."

LINCOLN TOWNSHIP, NEWTON COUNTY
COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

Condition and Context

Internal controls were not in place to ensure supporting documentation was maintained for all transactions at the Township.

In 2018, four disbursements were made to three individuals, totaling \$415. The memo line on the checks noted "mowing at cemetery," "mowing and weed wacking," or "mowing at ball park." No contract or other documentation was provided to support hourly rate paid or number of hours worked. Additionally, 45 gift cards were purchased from Family Dollar on December 1, 2018, at \$20 each, totaling \$900. A receipt from the purchase was available for review and the Township check copy payment memo stated that the gift cards were "Gift certificates for Food Bank" paid out of the Township Assistance fund. However, no further supporting documentation, such as receipts from gift card usage, payment logs, or receipts from Food Bank, was provided to prove what gift cards were used to purchase.

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)

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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LINCOLN TOWNSHIP, NEWTON COUNTY
COMMENTS
(Continued)

INTERNAL CONTROLS OVER DONATIONS

Condition and Context

The Township received a Benefit Fee quarterly from the Newton County Landfill Partnership (NCLP) pursuant to an agreement signed in 2001 by the NCLP and the Newton County Commissioners. This fee was placed into a fund titled "Donations." Documentation, such as a resolution, was not provided by the Township to create the "Donations" fund and approve the allowable uses of the fund. This fund has historically been used to donate money to local nonprofit entities. Supporting documentation was not provided to support all donations made were to benefit the community of the Township. Policies and procedures should be created to ensure all expenditures from this fund are for the benefit of the Township.

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:

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

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LINCOLN TOWNSHIP, NEWTON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18	Receipts	Disbursements	Cash and Investments 12-31-19
TOWNSHIP FUND	\$ 29,815	\$ 66,458	\$ 71,236	\$ 25,037	\$ 70,367	\$ 67,765	\$ 27,639
TOWNSHIP ASSISTANCE	7,084	11,737	15,562	3,259	20,152	12,014	11,397
FIRE FIGHTING FUND	12,188	122,813	118,000	17,001	126,053	119,000	24,054
RAINY DAY FUND	26,241	716	-	26,957	1,303	2,230	26,030
EXCESS LEVY	464	-	-	464	-	-	464
CUMULATIVE FIRE FUND	19,919	41,607	-	61,526	27,979	18,605	70,900
DONATIONS	137,989	151,211	151,046	138,154	119,073	63,089	194,138
PAYROLL DEDUCTIONS	-	11,672	11,672	-	10,901	10,901	-
Totals	<u>\$ 233,700</u>	<u>\$ 406,214</u>	<u>\$ 367,516</u>	<u>\$ 272,398</u>	<u>\$ 375,828</u>	<u>\$ 293,604</u>	<u>\$ 354,622</u>

LINCOLN TOWNSHIP, NEWTON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
TOWNSHIP FUND	\$ 27,639	\$ 91,517	\$ 64,661	\$ 54,495	\$ 84,357	\$ 64,699	\$ 74,153
TOWNSHIP ASSISTANCE	11,397	23,832	4,404	30,825	27,836	3,770	54,891
FIRE FIGHTING FUND	24,054	109,877	119,000	14,931	131,741	119,000	27,672
RAINY DAY FUND	26,030	730	1,500	25,260	694	1,500	24,454
EXCESS LEVY	464	-	-	464	-	-	464
CUMULATIVE FIRE FUND	70,900	28,350	22,069	77,181	29,726	13,118	93,789
DONATIONS	194,138	98,864	86,299	206,703	111,528	83,674	234,557
PAYROLL DEDUCTIONS	-	10,746	11,830	(1,084)	10,746	10,433	(771)
Totals	\$ 354,622	\$ 363,916	\$ 309,763	\$ 408,775	\$ 396,628	\$ 296,194	\$ 509,209

LINCOLN TOWNSHIP, NEWTON COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2022

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22
TOWNSHIP FUND	\$ 74,153	\$ 59,997	\$ 71,196	\$ 62,954
TOWNSHIP ASSISTANCE	54,891	16,252	10,214	60,929
FIRE FIGHTING FUND	27,673	121,763	109,000	40,436
RAINY DAY FUND	24,454	785	1,500	23,739
EXCESS LEVY	464	-	-	464
CUMULATIVE FIRE FUND	93,789	30,975	20,498	104,266
DONATIONS	235,057	93,389	96,455	231,991
PAYROLL DEDUCTIONS	(770)	10,411	9,640	1
Totals	<u>\$ 509,711</u>	<u>\$ 333,572</u>	<u>\$ 318,503</u>	<u>\$ 524,780</u>

Lincoln Township Trustee Office

Newton County, Indiana

4540 E 1200 N

Demotte, IN 46310

Phone: 219-345-4071

We would like to address that all findings reported to this office by the SBOA for the audit dates of January 1, 2018, to December 31, 2022, were the actions of the previous Lincoln Township Trustee and were self-corrected by the current elected officials immediately after they were discovered.

Lincoln Township Trustee

Steven W. Holder II

