

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

COMPLIANCE ENGAGEMENT REPORT

OF

BLUE RIVER TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
07/25/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Daniel Engleking	01-01-19 to 12-31-22
	Brandon Jones	01-01-23 to 12-31-24
Chair of the Township Board	Paul Cooper	01-01-19 to 12-31-20
	Brandon Jones	01-01-21 to 12-31-22
	John Gilbert	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BLUE RIVER TOWNSHIP, HANCOCK COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Blue River Township (Township), for the period of January 1, 2019 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>.

An exit conference was held on July 17, 2024. The Trustee, Brandon Jones, was invited but did not attend.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 6, 2024

BLUE RIVER TOWNSHIP, HANCOCK COUNTY
COMMENTS

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls over the certifications on the adoption of, and training on, internal controls were not sufficient to ensure the certifications were supported by documentation.

The Township could not provide supporting documentation showing the adoption of the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

The Township could not provide supporting documentation showing employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

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."

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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls over the certifications on internal controls were not sufficient to ensure the certifications were supported by documentation.

BLUE RIVER TOWNSHIP, HANCOCK COUNTY
COMMENTS
(Continued)

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Township could not provide supporting documentation showing the adoption of the minimum internal control standards.

The Township certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Township could not provide supporting documentation showing all personnel had received training concerning 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](#)."

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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CAPITAL ASSETS

Condition and Context

Internal controls over capital assets were insufficient to ensure compliance with uniform guidelines.

The Township had not adopted a capital assets policy that details the threshold at which an item is considered a capital asset despite reporting \$503,931 in total capital assets on the Schedule of Capital Assets in the Indiana Gateway for Government Units financial reporting system. In addition, the Township had not conducted a physical inventory at least every two years or maintained a complete detailed listing of all capital assets owned which reflects their acquisition value.

BLUE RIVER TOWNSHIP, HANCOCK COUNTY
COMMENTS
(Continued)

Criteria

Every unit must have a capital asset 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)

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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BOARD MINUTES

Condition and Context

Internal controls over retention of Township Board minutes were insufficient to ensure all minutes were available for review.

Townships are required to meet on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one member as chair for that year and one member as secretary for that year. In 2019, 2020, 2021, and 2022, the Township held this meeting, but it did not take place on the first Tuesday after the first Monday in January.

The Township did not provide any Township Board minutes in 2023 or 2024, so we could not verify if the Township Board reorganization meetings took place in those years.

Criteria

Indiana Code 36-6-6-7 states:

"(a) 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.

BLUE RIVER TOWNSHIP, HANCOCK COUNTY
COMMENTS
(Continued)

(b) If a newly elected legislative body holds a special meeting before the first Tuesday after the first Monday in the January following its election, it shall elect a chair and a secretary before conducting any other business. The chair and secretary elected at the special meeting retain those positions until the first Tuesday after the first Monday in January of the year following the special meeting."

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

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

BLUE RIVER TOWNSHIP, HANCOCK COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township	\$ 44,151	\$ 50,436	\$ 36,750	\$ 57,837	\$ 47,099	\$ 34,769	\$ 70,167
Township Assistance	13,962	-	-	13,962	-	-	13,962
Fire Fighting	89,520	40,274	26,534	103,260	52,621	25,863	130,018
Rainy Day	17,018	-	-	17,018	-	-	17,018
Levy Excess	1,240	-	-	1,240	-	-	1,240
Cumulative Bldg & Firefighting Equip	35,973	36,861	-	72,834	37,188	-	110,022
Shiloh	500	-	-	500	-	-	500
Totals	<u>\$ 202,364</u>	<u>\$ 127,571</u>	<u>\$ 63,284</u>	<u>\$ 266,651</u>	<u>\$ 136,908</u>	<u>\$ 60,632</u>	<u>\$ 342,927</u>

BLUE RIVER TOWNSHIP, HANCOCK COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township	\$ 70,165	\$ 55,776	\$ 34,927	\$ 91,014	\$ 37,618	\$ 33,804	\$ 94,828
Township Assistance	13,962	-	900	13,062	227	1,298	11,991
Fire Fighting	130,017	57,487	20,037	167,467	68,061	48,857	186,671
Rainy Day	17,018	-	-	17,018	-	-	17,018
Levy Excess	1,240	292	-	1,532	140	-	1,672
Cumulative Bldg & Firefighting Equip	110,021	36,889	51,270	95,640	37,503	26,164	106,979
Shiloh	500	-	-	500	-	-	500
Totals	<u>\$ 342,923</u>	<u>\$ 150,444</u>	<u>\$ 107,134</u>	<u>\$ 386,233</u>	<u>\$ 143,549</u>	<u>\$ 110,123</u>	<u>\$ 419,659</u>