

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BUCK CREEK TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

02/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Melvin Branson	01-01-19 to 01-05-21
	(Vacant)	01-06-21 to 01-26-21
	Jack Negley	01-27-21 to 12-31-22
	Micki Simunek	01-01-23 to 12-31-24
Chair of the Township Board	Gene Springer	01-01-19 to 12-31-21
	Scott Whitehouse	01-01-22 to 12-31-22
	Matt Kelly	01-01-23 to 01-02-24
	(Vacant)	01-03-24 to 02-12-24
	Andrew DeLivron	02-13-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BUCK CREEK TOWNSHIP, HANCOCK COUNTY, INDIANA

This report is supplemental to the audit report of Buck Creek Township (Township), for the period from January 1, 2019 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with the Financial Statement Audit Report of the Township, which provides our opinions on the Township's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

Beth Kelley, CPA, CFE
Deputy State Examiner

February 8, 2024

BUCK CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The same comment also appeared in prior Report B53645.

Condition and Context

There were deficiencies in the internal control system of the Township related to financial transactions and reporting. The Township had not separated incompatible activities related to cash and investment balances, receipts, and financial close and reporting.

Cash and Investments

The Township had not properly designed or implemented internal controls over completion of the bank reconciliations. Monthly bank reconciliations were completed by a consultant without evidence of oversight or review.

Receipts

The Township received money and deposited funds in the bank. The Township posted these monies to the ledger. The Township did not write receipts apart from the receipts written for rental collections of the community room. There was no documentation of the oversight, review, or approval process of these monies.

Disbursements

The Township had not properly designed or implemented internal controls over disbursements. There was no evidence of oversight or review of disbursements.

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. . . ."

BUCK CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

RECEIPT ISSUANCE

A similar comment also appeared in prior Report B53645, entitled *PRESCRIBED FORMS*.

Condition and Context

Except for rental of the community room, the Township did not write official receipts for monies collected.

Criteria

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

The Township Trustee's Receipt (Form 16-Rev. 2006) is to be used for receipt of each item of money received. Indicate in the space "On Account Of" the fund or funds to which the receipt is to be posted and identify the receipt, such as a Tax Distribution, Fire Protection Agreement, Temporary Loan, Bank Loan for Equipment, etc. Give the original to the payor, and retain all duplicates in the bound record. Payment amount for cash, check, money order, credit card/bank card, EFT, and other shall be designated on each receipt. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The detailed capital asset listing presented for audit did not agree with the amounts reported in Gateway. The detailed listing provided was a listing of machinery and equipment and did not include the buildings asset classification. Additionally, the machinery and equipment totals included with the detailed listing did not match the machinery and equipment totals reported in Gateway.

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](#)."

COMPENSATION AND BENEFITS

The same comment also appeared in prior Report B53645.

Condition and Context

Several emergency services employees received deployment salary payments for participating in disaster assistance activities. These payments were in addition to the employees' regular biweekly pay which they also received.

BUCK CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The total amount paid to employees for hurricane deployment was \$204,750 and \$225,750 for 2020 and 2021, respectively. The total amount paid to employees for other disaster events was \$56,000 and \$50,000 for 2020 and 2021, respectively. The total amount of disaster deployment payments during the audit period was \$536,500.

The deployment pay was not included as part of the 2020 Salary Ordinance. A signed copy of the 2021 Salary Ordinance was not available for audit. Neither salary ordinance described the pay structure for employees while in deployment status.

Criteria

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)

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53645.

Condition and Context

The Township did not provide audit evidence that internal control training was completed during the audit period. Several current Township employees received internal control training in September 2023 after the close of the audit period.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B53645.

Condition and Context

The Township incorrectly certified on the Annual Financial Report that the Township had adopted minimum internal control standards and provided personnel with training over the minimum internal control standards.

BUCK CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Context

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](#)."

RECORD OF HOURS WORKED

The same comment also appeared in prior Report B53645.

Condition and Context

Detailed records showing specific hours worked were not maintained for one employee of the Township. There was also no audit evidence presented that a service record was maintained for the same employee.

Criteria

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees: . . .

(2) employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employee's Service Record
General Form 99B, Employee's Earnings Record
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BUCK CREEK TOWNSHIP, HANCOCK COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

The Township did not provide audit evidence that a capital asset policy was established during the audit period, a complete inventory had been taken at least every two years, or maintenance of a complete detail inventory of capital assets.

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)

BUCK CREEK TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2024, with Micki Simunek, Trustee; Andrew DeLivron, Chair of the Township Board; Jennifer Fellerman, Township Board member; and Jennifer Condrey, Deputy Trustee.