

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

COMPLIANCE ENGAGEMENT REPORT

OF

TURKEY CREEK TOWNSHIP

KOSCIUSKO COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED
10/08/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Julie Close Joseph Cazier	01-01-19 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Dennis Darr	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TURKEY CREEK TOWNSHIP, KOSCUISKO COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Turkey Creek 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 is informational only. The Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis have not been included in this report due to the issues detailed in the Comments below.

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 Joseph Cazier, Trustee, and Dennis Darr, Chair of the Township Board, on September 9, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 7, 2024

TURKEY CREEK TOWNSHIP, KOSCUISKO COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure the Township complied with laws, regulations, and guidelines over certification and training on internal control standards, bank account reconciliations, Township assistance, annual financial report, capital assets, monthly and annual engagement uploads, and board minutes as detailed further in the comments below.

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. . . ."

CERTIFICATION AND TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township. Supporting documentation was not provided showing Township 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 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."

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
 COMMENTS
 (Continued)

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](#)."

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Report B53848.

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were conducted for the engagement period; however, the adjusted bank balance exceeded the reported balance at December 31, 2020, and December 31, 2022, as follows:

Year	Adjusted Bank Balance	Reported Amount	Difference
2020	\$ 4,961,509	\$ 4,941,417	\$ (20,092)
2022	3,484,138	3,400,886	(83,252)

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)

TOWNSHIP ASSISTANCE

Condition and Context

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1. The Township did not provided any Township Board approved Township Assistance Standards for review. In addition, eight Township Assistance disbursements were selected for testing throughout the engagement period. We also could not verify if some combination of or all of the following Township Assistance forms were adequately completed:

- TA-1, Application for Township Assistance
- TA-1A - Notice of Township Assistance Action
- TA-1B, Application For Additional or Continued Township Assistance
- TA-2, Township Assistance Purchase Order

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
COMMENTS
(Continued)

Criteria

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed.

(c) The township trustee shall annually certify that the uniform written standards for the issuance of township assistance have been filed with the board of county commissioners as required under subsections (b)(2). The certification shall be noted in the township's budget submitted to the department of local government finance's computer gateway under [IC 6-1.1-17-3](#)."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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)

Prescribed forms to be used by the township trustee in the administration of township assistance include: TA-1, TA-1A, TA-1B, and TA-2. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

ANNUAL FINANCIAL REPORT

Condition and Context

The Township's Annual Financial Report (AFR) as submitted on the Indiana Gateway for Government Units financial reporting system for 2019, included the Fire Territory General fund with a beginning balance that was \$23,925 more than the prior period ending balance.

TURKEY CREEK TOWNSHIP, KOSCUISKO COUNTY
COMMENTS
(Continued)

The AFR for 2021 included the Fire Territory Equipment fund and the Fire Territory General fund with beginning balances that were \$186,257 and \$578,811, respectively, less than the prior period ending balance. Beginning and ending balances should agree.

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](#)."

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)

CAPITAL ASSETS

Condition and Context

As of December 31, 2022, the Township reported a total of \$4,794,800 of assets on the Schedule of Capital Assets in the Indiana Gateway for Government Units financial reporting system. The Township had not adopted a capital assets policy that details the threshold at which an item is considered a capital asset.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

The Township had not uploaded all required monthly engagement uploads for 2019, 2020, and 2021 into the Indiana Gateway for Government Units (Gateway) financial reporting system as required by Amended State Examiner Directive 2018-1. Starting in 2022, all monthly uploads were uploaded by the Township. None of the required annual engagement uploads, as required by Amended State Examiner Directive 2018-1, were uploaded to Gateway in 2019, 2020, 2021, and 2022.

Criteria

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)

TURKEY CREEK TOWNSHIP, KOSCIUSKO COUNTY
COMMENTS
(Continued)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

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)

BOARD MINUTES

The same comment also appeared in a management letter addressed to the Officials of the Township on October 30, 2019.

Condition and Context

Minutes of meetings of the Township Board were presented for review throughout the engagement period; however, we could not verify if the Township Board was meeting on the first Tuesday after the first Monday in January of each year to elect one member as chair and one member as secretary for that year.

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.

(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."

Turkey Creek Township
310 North Huntington Street
Syracuse, IN 46567
(574) 457-4175

OFFICIAL RESPONSE

Date: 9/18/2024

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re:

I aplicated the audit comments and have continued to make the necessary improvements to township policies. Since I took office, we have implemented the following policies and procedures.

1. Internal Controls Policy
2. Entered prior trustee's monthly engagements (2019-2022)
3. Partnered with our local food bank to provide improved services
4. Signed on to the county wide assistance guidelines
5. Capital Assets Policy
6. Digitally Record all Meeting minutes
7. Travel Policy
8. Credit Card Policy
9. Salary Ordinance
10. Weekly office hours to serve the needy of the township

The board and I are continuing to improve township policies to comply with Indiana code. I look forward to working with the SBOA and DLGF to continue to make sure our township is in full compliance with state code.

Joe Cazier
Turkey Creek Township Trustee