

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

COMPLIANCE ENGAGEMENT REPORT

OF

CARTER TOWNSHIP

SPENCER COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

04/15/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-7
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	11-13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Keith Kleiser Adam Mix Angie S. Schmidt	01-01-19 to 04-30-22 05-01-22 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Ed Balbach Jim Gries	01-01-19 to 12-31-22 01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF CARTER TOWNSHIP, SPENCER COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Carter Township (Township), for the period of January 1, 2019 to December 31, 2023. 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 Angie Schmidt, Trustee, and Jim Gries, Chair of the Township Board, on April 5, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 20, 2024

CARTER TOWNSHIP, SPENCER COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in the noncompliance over Capital Assets, Supporting Documentation, Certification by Elected Official - Contracting with a Unit Policy, Certification by Elected Official - Nepotism Policy, and Salary Ordinance 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. . . ."

CAPITAL ASSETS

Condition and Context

The Township had not maintained a detailed listing of capital assets which reflected the acquisition value. The Township had not adopted a capital asset policy during the engagement period. In addition, the Township had not conducted a physical inventory. The Township reported \$20,250 in capital assets as of December 31, 2023, in its Annual Financial Report filed in the Indiana Gateway for Government Units reporting system.

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)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CARTER TOWNSHIP, SPENCER COUNTY
COMMENTS
(Continued)

CERTIFICATION BY ELECTED OFFICIAL - CONTRACTING WITH A UNIT POLICY

The same comment appeared in a Management Letter addressed to the Trustee and the Township Board for the review period ending December 31, 2018.

Condition and Context

Each elected officer did not certify in writing that the officer had not violated the Township's Contracting with a Unit policy by December 31, 2019, 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

CERTIFICATION BY ELECTED OFFICIAL - NEPOTISM POLICY

The same comment appeared in a Management Letter addressed to the Trustee and the Township Board for the review period ending December 31, 2018.

Condition and Context

Each elected officer did not certify in writing that the officer had not violated the Township's Nepotism Policy by December 31, 2019, 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

SALARY ORDINANCE

A similar comment appeared in a Management Letter addressed to the Trustee and the Township Board for the review period ending December 31, 2018, entitled *APPROVAL OF SALARIES*.

Condition and Context

Although salaries did not change, the Township Board did not fix the salaries of the Township officials and employees for the years 2019, 2020, 2021, 2022, or 2023 through an ordinance.

Criteria

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

- (1) salaries;

CARTER TOWNSHIP, SPENCER COUNTY
COMMENTS
(Continued)

(2) wages; . . .
of all officers and employees of the township."

SUPPORTING DOCUMENTATION

A similar comment appeared in prior Report B55090, entitled *SUPPORTING DOCUMENTATION*.

Condition and Context

Of the 25 disbursements selected for testing, 12 were not supported by an invoice, receipt, or any other information to support the disbursements. The 12 disbursements were made to vendors that would do business with the Township in the normal course of business.

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 page intentionally left blank.)

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

(This page intentionally left blank.)

CARTER TOWNSHIP, SPENCER 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	\$ 26,513	\$ 23,770	\$ 18,298	\$ 31,985	\$ 10,575	\$ 17,902	\$ 24,658
Township Assistance	<u>20,708</u>	<u>17,708</u>	<u>10,839</u>	<u>27,577</u>	<u>6,593</u>	<u>15,485</u>	<u>18,685</u>
Totals	<u>\$ 47,221</u>	<u>\$ 41,478</u>	<u>\$ 29,137</u>	<u>\$ 59,562</u>	<u>\$ 17,168</u>	<u>\$ 33,387</u>	<u>\$ 43,343</u>

CARTER TOWNSHIP, SPENCER 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	\$ 24,658	\$ 37,067	\$ 18,673	\$ 43,052	\$ 26,844	\$ 18,831	\$ 51,065
Township Assistance	18,685	27,925	12,565	34,045	18,770	18,010	34,805
Totals	<u>\$ 43,343</u>	<u>\$ 64,992</u>	<u>\$ 31,238</u>	<u>\$ 77,097</u>	<u>\$ 45,614</u>	<u>\$ 36,841</u>	<u>\$ 85,870</u>

CARTER TOWNSHIP, SPENCER COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Township	\$ 51,065	\$ 39,777	\$ 22,157	\$ 68,685
Township Assistance	<u>34,805</u>	<u>8,668</u>	<u>12,943</u>	<u>30,530</u>
Totals	<u>\$ 85,870</u>	<u>\$ 48,445</u>	<u>\$ 35,100</u>	<u>\$ 99,215</u>