

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

**Paul D. Joyce, CPA
State Examiner**

COMPLIANCE ENGAGEMENT REPORT

OF

WASHINGTON TOWNSHIP

NOBLE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
05/22/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Cindy Kennedy	01-01-20 to 12-31-25
Chair of the Township Board	Thomas J. Sorg	01-01-20 to 12-31-20
	Brian Stump	01-01-21 to 12-31-21
	Roger Lemon	01-01-22 to 12-31-22
	Thomas J. Sorg	01-01-23 to 12-31-23
	John R. Pence	01-01-24 to 12-31-24
	Brian Stump	01-01-25 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF WASHINGTON TOWNSHIP, NOBLE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Washington Township (Township), for the period of January 1, 2020 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 Cindy Kennedy, Trustee; James Kennedy, Deputy Trustee; and John Pence, Township Board member, on May 13, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

May 6, 2025

WASHINGTON TOWNSHIP, NOBLE COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal control deficiencies resulted in the noncompliance with laws, regulations, and Guidelines over:

- Annual Uploads
- Annual Financial Reports
- Bank Account Reconciliations

This noncompliance is further detailed 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. . . ."

ANNUAL UPLOADS

Condition and Context

The Township did not comply with the State Examiner Directive 2018-1 as amended. The following files and government unit information are required to be uploaded annually into the Indiana Gateway for Government Units financial reporting system:

- Year-end investment statements
- Detail of receipts for the year
- Detail of disbursements for the year
- Current year salary ordinance (and Amendments)
- Annual employee earnings records/payroll history report without social security numbers
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Accounts Payable/Accounts Receivable Schedule support (effective for 2023 annual uploads)
- Personnel Policy (effective for 2023 annual uploads)

WASHINGTON TOWNSHIP, NOBLE COUNTY
COMMENTS
(Continued)

The annual funds ledger was not uploaded for 2020 and 2023. The detail of receipts for the year was not uploaded for 2020 and 2021. The detail of disbursements for the year was not uploaded for 2020, 2022, and 2023.

Criteria

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; Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024, and the 2023 annual uploads due March 1, 2024)

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)

ANNUAL FINANCIAL REPORTS

Condition and Context

Financial information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The Township did not accurately report in its AFR the financial activity of the Township General and Payroll Withholding funds for 2021 through 2023 as detailed in the schedule below.

Year	Fund	AFR Receipts	Funds Ledger Receipts	Difference Over/(Under) Reported	AFR Disbursements	Funds Ledger Disbursements	Difference Over/(Under) Reported
2021	Township General	\$ 45,681	\$ 45,681	\$ -	\$ 39,315	\$ 38,326	\$ 989
2021	Payroll Withholding	-	1,411	(1,411)	-	1,411	(1,411)
2022	Township General	2,222	-	2,222	1,974	-	1,974
2022	Payroll Withholding	-	2,222	(2,222)	-	1,974	(1,974)
2023	Township General	51,554	51,554	-	38,686	36,480	2,206
2023	Payroll Withholding	-	2,157	(2,157)	-	2,205	(2,205)

As a result, the total cash and investment balance reported in the Township's AFRs for December 31, 2021, 2022, and 2023, were underreported as detailed in the schedule below.

Year	Total Cash and Investments Ending Balance at December 31		
	AFR	Ledger	Over/(Under) Reported
2021	\$ 153,652	\$ 154,640	\$ (988)
2022	176,842	177,830	(988)
2023	200,240	203,386	(3,146)

WASHINGTON TOWNSHIP, NOBLE COUNTY
COMMENTS
(Continued)

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 as set forth in the uniform compliance guidelines. 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

Condition and Context

The Township prepared monthly bank reconciliations of the bank accounts to the accounting records' cash and investments balances but did not investigate and correct any variances identified timely.

Bank reconciliations performed by the Indiana State Board of Accounts for December 31, 2020, 2021, 2022, and 2023, for purposes of the engagement showed the adjusted bank balances being more than accounting records' cash and investment balances by \$379 each year.

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."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)



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

WASHINGTON TOWNSHIP, NOBLE 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 General	\$ 49,116	\$ 48,416	\$ 32,782	\$ 64,750	\$ 45,681	\$ 39,315	\$ 71,116
Parks And Recreation	1,469	719	1,150	1,038	696	-	1,734
Township Assistance	16,574	-	1,544	15,030	4,529	1,128	18,431
Fire Fighting	42,696	23,684	19,200	47,180	25,391	19,200	53,371
Rainy Day	9,000	-	-	9,000	-	-	9,000
COVID	-	320	320	-	-	-	-
Payroll Withholding	-	1,821	1,821	-	-	-	-
Totals	<u>\$ 118,855</u>	<u>\$ 74,960</u>	<u>\$ 56,817</u>	<u>\$ 136,998</u>	<u>\$ 76,297</u>	<u>\$ 59,643</u>	<u>\$ 153,652</u>

WASHINGTON TOWNSHIP, NOBLE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Township General	\$ 71,116	\$ 50,270	\$ 37,361	\$ 84,025	\$ 51,554	\$ 38,686	\$ 96,893
Parks And Recreation	1,734	748	1,200	1,282	724	1,200	806
Township Assistance	18,431	4,568	659	22,340	4,702	1,597	25,445
Fire Fighting	53,371	26,024	19,200	60,195	27,101	19,200	68,096
Rainy Day	9,000	-	-	9,000	-	-	9,000
Totals	<u>\$ 153,652</u>	<u>\$ 81,610</u>	<u>\$ 58,420</u>	<u>\$ 176,842</u>	<u>\$ 84,081</u>	<u>\$ 60,683</u>	<u>\$ 200,240</u>