

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

WARREN TOWNSHIP

PUTNAM COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

03/28/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Karen Nelson Heavin	01-01-20 to 12-31-25
Chair of the Township Board	Lawrence Muncie Rex Parker	01-01-20 to 01-31-22 02-01-22 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF WARREN TOWNSHIP, PUTNAM COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Warren 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 Karen Nelson Heavin, Trustee, and Rex Parker, Chair of the Township Board, on January 12, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 3, 2024

WARREN TOWNSHIP, PUTNAM COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The Township had not implemented internal controls to ensure compliance with the following laws and regulations:

- Adoption of Internal Control Standards
- Certification on Internal Control Standards
- Bank Account Reconciliations
- Advance Payments
- Capital Assets

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. . . ."

ADOPTION OF INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55088, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

The Township adopted an internal control policy, but the policy did not meet the minimum requirements given in Indiana Code 5-11-1-27(e). Furthermore, the Township's Internal Controls Policy consisted of three items concerning the Township Board members' activities and access to financial records. It did not address the internal control policies and procedures applicable to the Trustee nor any employee whose official duties include receiving, processing, depositing, disbursement, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.

WARREN TOWNSHIP, PUTNAM COUNTY
COMMENTS
(Continued)

Criteria

Indiana Code 5-11-1-27(e) states:

"In the compliance guidelines authorized under section 24 of this chapter, the state board of accounts shall define and the audit committee shall approve not later than November 1, 2015, the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions, including the following:

- (1) Control environment.
- (2) Risk assessment.
- (3) Control activities.
- (4) Information and communication.
- (5) Monitoring.

The internal control standards and procedures shall be developed to promote government accountability and transparency."

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55088.

Condition and Context

The Township certified on the Annual Financial Report submitted in the Indiana Gateway for Government Units financial reporting system that internal control standards had been adopted that met the minimum requirements given in Indiana Code 5-11-1-27(e); however, the standards adopted did not meet the minimum requirements.

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](#)."

WARREN TOWNSHIP, PUTNAM COUNTY
COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Condition and Context

There was no documentation of monthly bank reconciliations for the duration of the engagement period.

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."

ADVANCE PAYMENTS

Condition and Context

The Township entered into a contract for mowing services each year. The contract was for mowing cemeteries April through November; however, the full contract amount was paid in the spring each year. The annual contract payments were made on April 30, 2020, June 1, 2021, April 1, 2022, and March 29, 2023.

Criteria

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CAPITAL ASSETS

Condition and Context

The Township had not established a capital assets policy that included a threshold at which an item is considered a capital asset. The Township did not own any 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)



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

WARREN TOWNSHIP, PUTNAM 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	\$ 47,614	\$ 14,740	\$ 14,300	\$ 48,054	\$ 10,945	\$ 12,657	\$ 46,342
Township Assistance	41,935	-	1,146	40,789	-	1,333	39,456
Fire Fighting	124,663	25,245	17,500	132,408	32,201	17,500	147,109
Rainy Day	4,524	-	-	4,524	-	-	4,524
Dog	642	-	-	642	-	-	642
Totals	<u>\$ 219,378</u>	<u>\$ 39,985</u>	<u>\$ 32,946</u>	<u>\$ 226,417</u>	<u>\$ 43,146</u>	<u>\$ 31,490</u>	<u>\$ 238,073</u>

WARREN TOWNSHIP, PUTNAM 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	\$ 46,342	\$ 24,959	\$ 13,102	\$ 58,199	\$ 25,215	\$ 13,679	\$ 69,735
Township Assistance	39,456	-	1,272	38,184	-	1,794	36,390
Fire Fighting	147,109	37,167	15,000	169,276	40,248	45,000	164,524
Rainy Day	4,524	-	-	4,524	-	-	4,524
Dog	642	-	-	642	-	-	642
Totals	<u>\$ 238,073</u>	<u>\$ 62,126</u>	<u>\$ 29,374</u>	<u>\$ 270,825</u>	<u>\$ 65,463</u>	<u>\$ 60,473</u>	<u>\$ 275,815</u>