

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

HARRISON TOWNSHIP

DELAWARE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
12/31/2024

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.....	10-11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles A. Paul, Sr.	01-01-20 to 06-01-21
	(Vacant)	06-02-21 to 06-28-21
	Cheryl Wesley	06-29-21 to 12-31-24
Chair of the Township Board	Cheryl Wesley	01-01-20 to 06-28-21
	Sheri Chafin	06-29-21 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF HARRISON TOWNSHIP, DELAWARE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Harrison 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 Cheryl Wesley, Trustee, and Sheri Chafin, President of the Township Board, on November 25, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 20, 2024

HARRISON TOWNSHIP, DELAWARE COUNTY
COMMENTS

COMPENSATION AND BENEFITS

Condition and Context

Internal controls were not in place to ensure compliance over compensation.

Compensation paid to Township officers and employees during fiscal years 2020 and 2021 could not be verified against an approved salary schedule. The Township did not complete Township Form No. 17 (Resolution Establishing Salaries of Township Officers and Employees) for fiscal years 2020 and 2021.

Additionally, Township Board members were paid for the entire year of 2023 in November 2023.

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. . . ."

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

IC 36-6-6-10 requires the township board to set the salaries; wages; rates of hourly pay; and remuneration other than statutory allowances of all township officials and employees, except assessing officials and employees, for the year 1985 and each year thereafter. However, please remember the township board should RECORD THE SALARIES SO FIXED IN THE TOWNSHIP BOARD MINUTES. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

Compensation and any other payments for goods and services must not be paid in advance of receipts 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)

HARRISON TOWNSHIP, DELAWARE COUNTY
COMMENTS
(Continued)

CAPITAL ASSETS

Condition and Context

Internal controls were not in place to ensure compliance with laws and regulations and Guidelines over capital assets.

The Township did not have a capital asset policy in place during the engagement period that detailed the threshold at which an item is considered a reportable capital asset. A physical inventory was not completed during the engagement period. The Township was unable to provide a complete capital asset listing for 2023 to support the amount reported into the Indiana Gateway for Government Units financial reporting system of \$141,500.

Criteria

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"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. . . ."

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)

DONATIONS AND SPONSORSHIPS

Condition and Context

During the audit period, a donation of \$4,390 was given to the Wes-Del Little League. No contract was approved for this donation.

Criteria

Public Funds cannot be donated or given to other organizations or individuals unless specifically authorized by law (or contract). (Accounting and Uniform Guidelines Compliance Manuals for Townships, Chapter 1)

HARRISON TOWNSHIP, DELAWARE COUNTY
COMMENTS
(Continued)

Indiana Code 36-6-4-8 states in part:

"(a) The executive may use the township's share of state, county, and township tax revenues and federal revenue sharing funds for all categories of community services, if these funds are appropriated for these services by the township legislative body. The executive may use these funds for both operating and capital expenditures.

(b) With the consent of the township legislative body, the executive may contract with corporations for health and community services not specifically provided by another governmental entity. . . ."

Our audit position is that there needs to be a contract in place which would show that the township will give an organization a fixed dollar amount and in return the organization will provide a certain community service to the citizens of the Township. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 11.)



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

HARRISON TOWNSHIP, DELAWARE 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	\$ 248,475	\$ 24,972	\$ 70,363	\$ 203,084	\$ 15,472	\$ 69,666	\$ 148,890
Township Assistance	39,764	-	784	38,980	10,676	4,351	45,305
Fire Fighting	33,394	30,949	24,514	39,829	31,474	61,074	10,229
Rainy Day	3,004	50,000	-	53,004	-	-	53,004
Levy Excess	1	-	-	1	-	-	1
Cumulative Fire	14,280	-	-	14,280	-	-	14,280
Payroll Fund	976	1,910	1,338	1,548	-	-	1,548
Payroll Fund	-	-	-	-	2,044	2,484	(440)
Totals	<u>\$ 339,894</u>	<u>\$ 107,831</u>	<u>\$ 96,999</u>	<u>\$ 350,726</u>	<u>\$ 59,666</u>	<u>\$ 137,575</u>	<u>\$ 272,817</u>

HARRISON TOWNSHIP, DELAWARE 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			Cash and Investments			Cash and Investments
	01-01-22	Receipts	Disbursements	12-31-22	Receipts	Disbursements	
Township	\$ 148,890	\$ 22,674	\$ 52,024	\$ 119,540	\$ 25,449	\$ 24,449	\$ 120,540
Township Assistance	45,305	-	4,548	40,757	-	6,600	34,157
Fire Fighting	10,229	34,646	37,575	7,300	31,593	24,515	14,378
Rainy Day	53,004	-	-	53,004	-	-	53,004
Levy Excess	1	-	-	1	-	-	1
Cumulative Fire	14,280	15,000	2,500	26,780	-	6,940	19,840
Payroll Fund	1,108	2,077	2,078	1,107	2,183	2,146	1,144
Totals	<u>\$ 272,817</u>	<u>\$ 74,397</u>	<u>\$ 98,725</u>	<u>\$ 248,489</u>	<u>\$ 59,225</u>	<u>\$ 64,650</u>	<u>\$ 243,064</u>