

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

COMPLIANCE ENGAGEMENT REPORT

OF

MILLGROVE TOWNSHIP

STEBEN COUNTY, INDIANA

January 1, 2019 to December 31, 2023



**FILED**  
05/06/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles Clark	01-01-19 to 12-31-24
Chair of the Township Board	Marlene Walters	01-01-19 to 09-11-19
	Wesley McCrea	09-12-19 to 12-31-23
	Laurie Marsonек	01-01-24 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MILLGROVE TOWNSHIP, STEUBEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Millgrove 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 Charles Clark, Trustee, and Linda McCrea, Township Board member, on April 30, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

March 18, 2024

MILLGROVE TOWNSHIP, STEUBEN COUNTY  
COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

Due to the lack of internal controls, the Township did not have a written capital asset policy that details the threshold at which an item is considered a capital asset. Additionally, the Township did not have a complete detailed listing of all capital assets owned by the Township. Lastly, a complete physical inventory of capital assets owned was not taken at least every two years by the Township.

*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 Township, Chapter 1)

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 ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B55129.

*Condition and Context*

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Township could not provide supporting documentation showing the adoption of the minimum internal control standards.

MILLGROVE TOWNSHIP, STEUBEN COUNTY  
COMMENTS  
(Continued)

Additionally, the Township certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Township could not provide supporting documentation showing all personnel had received training concerning the internal control standards.

*Criteria*

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."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited unit 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](#)."

**PRESCRIBED FORMS**

*Condition and Context*

Due to the lack of internal controls, the Township did not properly maintain the prescribed form Notice of Township Assistance Action (TA-1A) or the prescribed form Township Assistance Purchase Order (TA-2). During testing of Township Assistance disbursements, eight of the ten transactions presented were not on prescribed and approved forms.

*Criteria*

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)

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.

MILLGROVE TOWNSHIP, STEUBEN COUNTY  
COMMENTS  
(Continued)

An integral part of the control activity component is segregation of duties. . . .

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**POLICIES**

*Condition and Context*

During testing, four of the six Township Assistance disbursements showed no evidence of an investigation or verification of the Township Assistance Application as per Township Assistance policy 1.00.03 Application Review.

*Criteria*

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

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

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MILLGROVE TOWNSHIP, STEUBEN 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	\$ 105,790	\$ 34,227	\$ 36,523	\$ 103,494	\$ 34,639	\$ 53,944	\$ 84,189
Township Assistance	35,120	6,343	4,233	37,230	6,515	12,074	31,671
Fire Fighting	82,747	39,306	30,000	92,053	42,022	41,000	93,075
Library	9,324	7,566	6,500	10,390	8,317	7,000	11,707
Rainy Day	<u>10,642</u>	<u>-</u>	<u>-</u>	<u>10,642</u>	<u>35,000</u>	<u>-</u>	<u>45,642</u>
Totals	<u>\$ 243,623</u>	<u>\$ 87,442</u>	<u>\$ 77,256</u>	<u>\$ 253,809</u>	<u>\$ 126,493</u>	<u>\$ 114,018</u>	<u>\$ 266,284</u>

MILLGROVE TOWNSHIP, STEUBEN 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	\$ 84,187	\$ 35,236	\$ 32,267	\$ 87,156	\$ 36,938	\$ 32,299	\$ 91,795
Township Assistance	31,672	6,708	1,368	37,012	6,913	3,913	40,012
Fire Fighting	93,075	43,716	42,000	94,791	44,520	57,000	82,311
Library	11,707	8,553	7,400	12,860	8,693	8,500	13,053
Rainy Day	<u>45,642</u>	<u>-</u>	<u>35,000</u>	<u>10,642</u>	<u>-</u>	<u>-</u>	<u>10,642</u>
Totals	<u>\$ 266,283</u>	<u>\$ 94,213</u>	<u>\$ 118,035</u>	<u>\$ 242,461</u>	<u>\$ 97,064</u>	<u>\$ 101,712</u>	<u>\$ 237,813</u>

MILLGROVE TOWNSHIP, STEUBEN 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	\$ 91,796	\$ 42,987	\$ 46,897	\$ 87,886
Township Assistance	40,011	7,104	5,052	42,063
Fire Fighting	82,311	103,613	100,000	85,924
Library	13,054	9,783	9,500	13,337
Rainy Day	10,642	-	2,685	7,957
Totals	<u>\$ 237,814</u>	<u>\$ 163,487</u>	<u>\$ 164,134</u>	<u>\$ 237,167</u>