



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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April 22, 2024

TO: THE OFFICIALS OF CLAY TOWNSHIP, LAGRANGE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Clay Township (Township) for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units (Gateway) reporting system website: [www.gateway.ifionline.org](http://www.gateway.ifionline.org).

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

## **Comments**

### **ADOPTION OF INTERNAL CONTROL STANDARDS**

#### *Condition and Context*

The Township did not provide supporting documentation showing the adoption of the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

#### *Criteria*

Indiana Code 5-11-1-27(g) states in part:

"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; . . ."

## **CERTIFICATION AND TRAINING ON INTERNAL CONTROL STANDARDS**

Similar comments also appeared in prior Report B55083, entitled *TRAINING ON INTERNAL CONTROL STANDARDS* and *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

### *Condition and Context*

The Township certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and 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 it had adopted the minimum internal control standards or all required personnel had received training concerning the internal control standards.

### *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 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](#)."

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

## **LATE SUBMISSION OF ANNUAL FINANCIAL REPORT**

The same comment also appeared in prior Reports B46504 and B55083.

### *Condition and Context*

The Township's Annual Financial Reports for 2019, 2020, 2021, and 2022 were not filed electronically until July 6, 2020, April 6, 2021, April 1, 2022, and April 3, 2023, respectively, which were 127, 35, 30, and 32 days, respectively, past the due date.

### *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 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](#)."

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)

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

The Township did not present for review a monthly reconciliation for any period during the period of January 1, 2019 to December 31, 2022. We prepared a bank reconciliation as of December 31, 2019, 2020, 2021, and 2022, for purposes of the engagement.

The following shows the comparison of the reconciled bank balance to the Annual Financial Report cash and investment balance reported by the Township in the Indiana Gateway for Government Units financial reporting system as of December 31, 2019, 2020, 2021, and 2022.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Reconciled Bank Balance	\$ 434,430	\$ 539,078	\$ 653,036	\$ 794,158
Annual Financial Report	<u>432,654</u>	<u>536,740</u>	<u>653,036</u>	<u>791,948</u>
Differences	<u>\$ 1,776</u>	<u>\$ 2,338</u>	<u>\$ -</u>	<u>\$ 2,210</u>

### *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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance 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 adopted a capital assets policy that details the threshold at which an item is considered a capital asset. Additionally, the Township reported land, buildings, machinery, equipment, and vehicles of \$588,247 as of December 31, 2022, in its Annual Financial Report, but they did not maintain a detailed listing of all capital assets owned which reflects their acquisition value. Lastly, the Township had not conducted a physical inventory at least every two years.

### *Criteria*

Every unit must have a capital asset 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)

## **100R - CERTIFIED REPORT FILED AFTER DUE DATE**

### *Condition and Context*

The Township's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) for 2020 and 2022 were not filed electronically until February 10, 2021, and March 12, 2023, respectively, which were 10 and 40 days, respectively, past the due date.

### *Criteria*

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **ELECTION OF OFFICERS**

The same comment also appeared in a management letter communicated to the Officials of the Township for the two year engagement period ending December 31, 2018.

### *Condition and Context*

Minutes of meetings of the Township Board were presented for review throughout the engagement period; however, the Township Board was not meeting on the first Tuesday after the first Monday in January to elect one member as chair and another member as secretary. These meetings were held, but did not take place until either March, April, or June during our engagement period.

### *Criteria*

Indiana Code 36-6-6-7 states:

"(a) The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year.

(b) If a newly elected legislative body holds a special meeting before the first Tuesday after the first Monday in the January following its election, it shall elect a chair and a secretary before conducting any other business. The chair and secretary elected at the special meeting retain those positions until the first Tuesday after the first Monday in January of the year following the special meeting."

## MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

A similar comment also appeared in a management letter addressed to the Officials of the Township for the two year engagement period ending December 31,2018.

### *Condition and Context*

As of March 19, 2024, the Township had not uploaded all required monthly and annual engagement uploads for 2019, 2020, 2021, 2022, and 2023 into the Indiana Gateway for Government Units financial reporting system as required by Amended State Examiner Directive 2018-1.

### *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)

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)

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.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

### SCHEDULE OF CASH AND INVESTMENT BALANCES - REGULATORY BASIS As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township	\$ 187,985
Township Assistance	35,067
Fire Fighting	147,841
Rainy Day	137,173
Levy Excess	1
Cumulative Fire	283,880
Payroll Deductions	1
Total	<u>\$ 791,948</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Deb Muntz, Trustee, on March 19, 2024.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner