

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

COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

WELLS COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

07/29/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Bruce Herr	01-01-19 to 12-31-24
Chair of the Township Board	Bruce Leas	01-01-19 to 12-31-22
	Ben Morton	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, WELLS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jackson 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 Bruce Herr, Trustee, and Ben Morton, Chair of the Township Board, on July 17, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 4, 2024

JACKSON TOWNSHIP, WELLS COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The following areas did not have proper internal controls in place to ensure compliance with laws, regulations, and guidelines:

- Monthly and Annual uploads to the Indiana Gateway for Governmental Units (Gateway)
- Township Assistance Standards
- Adoption of, and Training on, Internal Control Standards
- Certification of Internal Control Standards
- Supporting Documentation
- Conflict of Interest Statements

Noncompliance over each of the above is further discussed 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. . . ."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Township did not upload into the Indiana Gateway for Government Units financial reporting system any of the required monthly and annual files for 2019 through 2023.

The following files and governmental unit information are required to be uploaded monthly:

- Bank reconciliations.
- Bank statements (effective for the required upload beginning with December 2020 information).
- Approved Township Board minutes.

JACKSON TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

- Funds ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund (beginning and ending balances effective for the required uploads beginning with December 2020 information).

The following files and governmental unit information are required to be uploaded annually:

- Year-end bank statement (no longer required after 2019 annual uploads).
- Year-end outstanding check list (no longer required after 2019 annual uploads).
- Year-end investment statements.
- Detail of receipts for the year.
- Detail of disbursements for the year.
- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information).
- Annual vendor history report.
- Annual employee earnings record/payroll history report without social security numbers (unless only hand posted records exist).
- Annual funds ledger summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund (effective beginning with 2020 information).

Criteria

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)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

PRESCRIBED FORMS - TOWNSHIP ASSISTANCE STANDARDS

Condition and Context

The Township did not have Township Board approved Township Assistance Standards in place throughout the engagement period.

Criteria

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

JACKSON TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

- (1) governed by the requirements of this article;
 - (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
 - (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
 - (4) published in a single written document, including addenda attached to the document; and
 - (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed.
- (c) The township trustee shall annually certify that the uniform written standards for the issuance of township assistance have been filed with the board of county commissioners as required under subsection (b)(2). The certification shall be noted in the township's budget submitted to the department of local government finance's computer gateway under [IC 6-1.1-17-3](#)."

Indiana Code 12-20-5.5-2 states:

"(a) Standards for the administration of township assistance must contain the following:

- (1) Criteria for determining township assistance eligibility.
- (2) Minimum requirements of township trustee accessibility.
- (3) Other information as needed, including the following:
 - (A) Township office locations, hours, and days of availability.
 - (B) Initial eligibility criteria.
 - (C) Continuing eligibility criteria.
 - (D) Workfare requirements.
 - (E) Essential and nonessential assets.
 - (F) Available resources.
 - (G) Income exemptions.
 - (H) Application process.
 - (I) Countable income.
 - (J) Countable assets.
 - (K) Wasted resources.

JACKSON TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

(b) Standards for the administration of township assistance must exclude a Holocaust victim's settlement payment received by an eligible individual from countable assets and countable income."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55137.

Condition and Context

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. The Township was using the internal control policy passed by the County as the Township's policy; whereas, they should have adopted an internal control policy solely for the Township.

The Township did not complete the internal control training for 2023.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55137.

Condition and Context

The Township's Indiana Gateway for Government Units financial reporting system certification on the adoption of internal control standards was made incorrectly. The Township certified that the acceptable minimum level of internal control standards had been adopted; however, it had not been adopted.

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](#)."

JACKSON TOWNSHIP, WELLS COUNTY
COMMENTS
(Continued)

SUPPORTING DOCUMENTATION

A similar comment appeared in prior Report B55137.

Condition and Context

For one disbursement tested, the Trustee received \$240 from the Township for telephone expenses. The telephone expense did not have a Township Board approved policy in place or complete supporting documentation to verify the amounts paid to the Trustee.

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

PAYMENTS FOR CEMETERY MOWING

Condition and Context

The Trustee received an additional payment of \$420 in 2019, 2020, 2021, 2022, and 2023 for cemetery care, specifically lawn mowing, when cemetery care is included in the responsibilities of the Trustee.

Criteria

Indiana Code 23-14-69-3 states:

"A township trustee shall care for and maintain each cemetery to which this chapter applies that is located in the township. The duties of a township trustee under this chapter include the following:

- (1) Destroying detrimental plants (as defined in [IC 15-16-8-1](#)), rampant weeds, and rank vegetation.
- (2) Removing all unsightly accumulations and debris.
- (3) Resetting and straightening all monuments.
- (4) Leveling and seeding the ground.
- (5) Mowing the lawn."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (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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JACKSON TOWNSHIP, WELLS 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	\$ 42,958	\$ 13,504	\$ 6,219	\$ 50,243	\$ 13,334	\$ 6,231	\$ 57,346
Township Assistance	50,108	1,658	301	51,465	1,592	616	52,441
Fire Fighting	87,092	12,720	8,500	91,312	13,065	10,653	93,724
Rainy Day	10,510	-	-	10,510	-	-	10,510
Totals	<u>\$ 190,668</u>	<u>\$ 27,882</u>	<u>\$ 15,020</u>	<u>\$ 203,530</u>	<u>\$ 27,991</u>	<u>\$ 17,500</u>	<u>\$ 214,021</u>

JACKSON TOWNSHIP, WELLS 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	\$ 57,345	\$ 13,892	\$ 6,378	\$ 64,859	\$ 11,909	\$ 5,976	\$ 70,792
Township Assistance	52,441	1,687	-	54,128	1,692	415	55,405
Fire Fighting	93,724	8,775	8,000	94,499	8,612	8,000	95,111
Rainy Day	10,510	-	-	10,510	-	-	10,510
Totals	<u>\$ 214,020</u>	<u>\$ 24,354</u>	<u>\$ 14,378</u>	<u>\$ 223,996</u>	<u>\$ 22,213</u>	<u>\$ 14,391</u>	<u>\$ 231,818</u>

JACKSON TOWNSHIP, WELLS 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	\$ 70,792	\$ 10,340	\$ 6,635	\$ 74,497
Township Assistance	55,404	275	498	55,181
Fire Fighting	95,111	8,915	8,000	96,026
Rainy Day	10,510	-	-	10,510
Totals	<u>\$ 231,817</u>	<u>\$ 19,530</u>	<u>\$ 15,133</u>	<u>\$ 236,214</u>