

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

COMPLIANCE ENGAGEMENT REPORT

OF

PIKE TOWNSHIP

WARREN COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**  
06/25/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Christina Best	01-01-19 to 12-31-24
Chair of the Township Board	Lyndall Salts	01-01-19 to 12-31-21
	Linda Batts	01-01-22 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Pike Township (Township), for the period of January 1, 2019 to December 31, 2022. 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 Christina Best, Trustee, and Dana Craft, Township Board member, on June 18, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

April 22, 2024

PIKE TOWNSHIP, WARREN COUNTY  
COMMENTS

**LOAN BETWEEN FUNDS**

The same comment also appeared in the prior Reports B48224 and B55110.

*Condition and Context*

Internal controls were not in place to ensure compliance with Indiana Code 36-1-8-4.

In 2013, the Fire Fighting fund loaned \$30,000 to the Township fund and \$6,000 to the Township Assistance fund. Payments have been made on the loan during subsequent years, including \$1,300 from the Township fund to the Fire Fighting fund in 2019. However, these loans remain outstanding at December 31, 2022.

Additional transfers from the Township fund to the Township Assistance fund were made subsequent to the original 2013 loan. In 2019, the Township fund loaned the Township Assistance fund \$600. The purpose of which could not be determined.

The total outstanding loan balance at December 31, 2022, is \$22,000 and consists of the following loans between funds:

- The Township fund owes the Fire Fighting fund \$14,000.
- The Township Assistance fund owes the Fire Fighting fund \$6,000.
- The Township Assistance fund owes the Township fund \$2,000.

Township Board minutes and resolutions were not presented for the years 2013 through 2017, so authorization of the loans or any extension for repayment of the loans by the Township Board could not be determined. Additionally, Township Board minutes from, and subsequent to, that period did not include information regarding these loans.

*Criteria*

Indiana Code 36-1-8-4 states:

"(a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.

PIKE TOWNSHIP, WARREN COUNTY  
COMMENTS  
(Continued)

(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

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. . . ."

**SUPPORTING DOCUMENTATION - CONTRACTS**

*Condition and Context*

Internal controls were not in place to ensure services were supported with a contract. The Township did not provide supporting documentation for a contractual service disbursement to the Pine Village West Lebanon Fire Department on December 31, 2022, for \$8,302.

*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)

PIKE TOWNSHIP, WARREN COUNTY  
COMMENTS  
(Continued)

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (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:

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

#### *Condition and Context*

The Township did not provide evidence that it had adopted 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:

"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."

### **TRAINING ON INTERNAL CONTROL STANDARDS**

#### *Condition and Context*

The Township did not provide evidence that appropriate personnel received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

PIKE TOWNSHIP, WARREN COUNTY  
COMMENTS  
(Continued)

*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 B55110.

*Condition and Context*

The Township certified on its 2019, 2020, 2021, and 2022 Annual Financial Report via the Indiana Gateway for Government Units financial reporting system that an internal control ordinance had been passed and that required personnel were trained; however, the policy had not yet been passed, nor had the training been completed.

*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](#)."

**CONTRACTING POLICY AND CERTIFICATION**

This same comment appeared in a prior Management Letter addressed to the Officials of the Township for the review period ending December 31, 2018.

*Condition and Context*

Evidence that the Township had established a contracting policy was not presented during the current engagement period.

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-21 (Contracting with a Unit) by December 31 for any year of the engagement period.

*Criteria*

Indiana Code 36-1-21-4(a) states in part: "This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

PIKE TOWNSHIP, WARREN COUNTY  
COMMENTS  
(Continued)

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**NEPOTISM POLICY AND CERTIFICATION**

This same comment appeared in a prior Management Letter addressed to the Officials of the Township for the review period ending December 31, 2018.

*Condition and Context*

Evidence that the Township had established a nepotism policy was not presented during the engagement period.

Each elected officer did not annually certify in writing that the officer had not violated Indiana Code 36-1-20.2 (Nepotism) for any year of the engagement period.

*Criteria*

Indiana Code 36-1-20.2-9(a) states in part: "This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. . . ."

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**TOWNSHIP ASSISTANCE STANDARDS**

The same comment appeared in prior Reports B48224 and B55110.

*Condition and Context*

The Township Board did not provide evidence that it had established township assistance standards.

*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:

- (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;

PIKE TOWNSHIP, WARREN COUNTY  
COMMENTS  
(Continued)

- (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 subsections (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](#)."

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

PIKE TOWNSHIP, WARREN 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	\$ 8,358	\$ 13,437	\$ 14,917	\$ 6,878	\$ 10,271	\$ 13,496	\$ 3,653
Township Assistance	4,749	2,111	4,661	2,199	4,073	4,515	1,757
Fire Fighting	12,730	10,757	8,000	15,487	9,309	12,000	12,796
Rainy Day	946	-	346	600	-	600	-
Totals	<u>\$ 26,783</u>	<u>\$ 26,305</u>	<u>\$ 27,924</u>	<u>\$ 25,164</u>	<u>\$ 23,653</u>	<u>\$ 30,611</u>	<u>\$ 18,206</u>

PIKE TOWNSHIP, WARREN 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	\$ 3,653	\$ 15,294	\$ 13,193	\$ 5,754	\$ 15,385	\$ 13,533	\$ 7,606
Township Assistance	1,755	3,338	3,910	1,183	3,253	3,722	714
Fire Fighting	<u>12,797</u>	<u>9,914</u>	<u>12,000</u>	<u>10,711</u>	<u>9,665</u>	<u>20,375</u>	<u>1</u>
Totals	<u>\$ 18,205</u>	<u>\$ 28,546</u>	<u>\$ 29,103</u>	<u>\$ 17,648</u>	<u>\$ 28,303</u>	<u>\$ 37,630</u>	<u>\$ 8,321</u>