

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

ADAMS TOWNSHIP

PARKE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

04/04/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sharon Malone	01-01-20 to 12-31-25
Chair of the Township Board	Carolyn Weatherman	01-01-20 to 12-31-20
	Doyne Cruse	01-01-21 to 12-31-24
	Mitchell Watts	01-01-25 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF ADAMS TOWNSHIP, PARKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Adams 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 Sharon Malone, Trustee; Mitchell Watts, Chair of the Township Board; and Mary Jo Harney, Township Board member, on January 12, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

July 9, 2024

ADAMS TOWNSHIP, PARKE COUNTY
COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Internal controls were not in place over information entered into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system to ensure the accuracy of the information entered. The leases and debt information entered into Gateway contained the following errors:

- In 2020, the total ending principal balance was understated by \$18,598. The total principal and interest due within one year was overstated by \$53,060. For 2021, the information requested for amounts due in one year did not include interest. The form requested only principal due within one year be reported.
- In 2021, the total ending principal balance was understated by \$36,869. The total principal due within one year was overstated by \$61,547.
- In 2022, the total ending principal balance was understated by \$50,362. The total principal due within one year was overstated by \$58,526.
- In 2023, the total ending principal balance was understated by \$53,060.

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 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 as set forth in the uniform compliance guidelines. 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](#)."

ADAMS TOWNSHIP, PARKE COUNTY
COMMENTS
(Continued)

ADVANCE PAYMENTS

Condition and Context

Internal controls were not in place to ensure the Township did not pay its employees and officials in advance of hours worked. Township Board members were paid twice per year. The July through December salary was paid prior to the end of November each year, causing the portion of the payment due for December to be paid in advance of the time being worked. In 2023, the Trustee's December salary was paid on November 30, which was in advance of the time being worked.

Criteria

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

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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TRAINING ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls were not in place to ensure that all Township employees whose official duties included receiving, processing, depositing, disbursing or otherwise having access to funds that belonged to the Township received training concerning the internal control standards and procedures adopted by the Township Board. There was no evidence presented for audit showing the Township Clerk had completed the internal control training.

Criteria

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

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

ADAMS TOWNSHIP, PARKE COUNTY
COMMENTS
(Continued)

- (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."

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

Condition and Context

Internal controls were not in place to ensure that the information entered into the Annual Financial Report was accurate. For all years of the audit period, the Trustee certified via the Indiana Gateway for Government Units financial reporting system that all required employees, as defined by Indiana Code 5-11-1-27(c), had received training over the internal controls adopted by the Township Board. No supporting documentation was presented during the audit that the Township Clerk had participated in the training.

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 as set forth in the uniform compliance guidelines. 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](#)."

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ADAMS TOWNSHIP, PARKE COUNTY
COMMENTS
(Continued)

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

ADAMS TOWNSHIP, PARKE 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 FUND	\$ 37,514	\$ 54,792	\$ 61,911	\$ 30,395	\$ 55,835	\$ 74,666	\$ 11,564
TOWNSHIP ASSISTANCE	7,085	1,863	3,740	5,208	2,735	475	7,468
FIRE FIGHTING FUND	16,956	91,189	91,089	17,056	89,681	76,350	30,387
RAINY DAY FUND	1	-	-	1	-	1	-
Excess Levy	161	-	161	-	-	-	-
CUMULATIVE FIRE FUND	16,622	31,946	41,734	6,834	34,282	28,156	12,960
FIRE DEBT SERVICE	7,064	174,194	150,971	30,287	136,298	143,842	22,743
PAYROLL DEDUCTIONS	-	9,576	9,576	-	8,875	8,875	-
GRANTS	300	5,000	5,300	-	-	-	-
Totals	<u>\$ 85,703</u>	<u>\$ 368,560</u>	<u>\$ 364,482</u>	<u>\$ 89,781</u>	<u>\$ 327,706</u>	<u>\$ 332,365</u>	<u>\$ 85,122</u>

ADAMS TOWNSHIP, PARKE 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 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
TOWNSHIP FUND	\$ 11,564	\$ 70,347	\$ 78,932	\$ 2,979	\$ 100,861	\$ 82,024	\$ 21,816
TOWNSHIP ASSISTANCE	7,468	14,335	12,169	9,634	9,891	7,910	11,615
FIRE FIGHTING FUND	30,387	109,098	109,949	29,536	831,136	89,724	770,948
RAINY DAY FUND	-	4,002	-	4,002	-	-	4,002
CUMULATIVE FIRE FUND	12,960	46,631	54,041	5,550	37,318	-	42,868
FIRE DEBT SERVICE	22,743	877,081	152,336	747,488	176,176	854,432	69,232
PAYROLL DEDUCTIONS	-	9,307	9,519	(212)	9,318	9,106	-
Totals	<u>\$ 85,122</u>	<u>\$ 1,130,801</u>	<u>\$ 416,946</u>	<u>\$ 798,977</u>	<u>\$ 1,164,700</u>	<u>\$ 1,043,196</u>	<u>\$ 920,481</u>