

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

COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

CASS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

11/01/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Kim Tocco	01-01-20 to 12-31-24
Chair of the Township Board	Ed Smith	01-01-20 to 12-31-20
	Pat Loman	01-01-21 to 12-31-21
	Blake Guy	01-01-22 to 12-31-22
	Ed Smith	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, CASS 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, 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 Kim Tocco, Trustee, and Ed Smith, Chair of the Township Board, on October 15, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

September 17, 2024

JACKSON TOWNSHIP, CASS 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:

- Compensation and Benefits
- Annual Uploads
- Adoption of, and Training on, Internal Control Standards

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. . . ."

COMPENSATION AND BENEFITS

Condition and Context

The Township did not provide a salary resolution for each of the four years in the engagement period. Gross wages paid to employees without a salary resolution were \$3,150, \$3,150, \$3,150, and \$3,125 for each year (2020, 2021, 2022, and 2023), totaling \$12,575 for the engagement period.

Criteria

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)

JACKSON TOWNSHIP, CASS COUNTY
COMMENTS
(Continued)

ANNUAL UPLOADS

Condition and Context

The Township did not upload into the Indiana Gateway for Government Units financial reporting system any of the required annual files for each year of the engagement period.

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

- Current year salary ordinance (and Amendments effective beginning with annual uploads of 2020 information).
- 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

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)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

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. Additionally, there was no documentation provided to show that required training on internal control standards was provided to appropriate personnel.

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."

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

JACKSON TOWNSHIP, CASS 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	\$ 184,307	\$ 31,342	\$ 18,585	\$ 197,064	\$ 16,155	\$ 17,316	\$ 195,903
Township Assistance	66,104	15,117	1,641	79,580	15,619	5,179	90,020
Fire Fighting	131,149	29,006	17,335	142,820	69	72,943	69,946
Rainy Day	6,047	-	-	6,047	-	-	6,047
Totals	<u>\$ 387,607</u>	<u>\$ 75,465</u>	<u>\$ 37,561</u>	<u>\$ 425,511</u>	<u>\$ 31,843</u>	<u>\$ 95,438</u>	<u>\$ 361,916</u>

JACKSON TOWNSHIP, CASS 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	\$ 195,902	\$ 22,555	\$ 17,369	\$ 201,088	\$ 30,826	\$ 17,619	\$ 214,295
Township Assistance	90,020	16,750	8,781	97,989	18,255	9,748	106,496
Fire Fighting	69,946	31,331	27,400	73,877	33,188	28,085	78,980
Rainy Day	6,047	-	-	6,047	-	-	6,047
Totals	<u>\$ 361,915</u>	<u>\$ 70,636</u>	<u>\$ 53,550</u>	<u>\$ 379,001</u>	<u>\$ 82,269</u>	<u>\$ 55,452</u>	<u>\$ 405,818</u>

JACKSON TOWNSHIP TRUSTEE OFFICE

12301 S. PAYTON RD. GALVESTON, INDIANA 46932

PH. # 574-699-0600

OFFICIAL RESPONSE

October 21, 2024

Indiana State Board of Accounts

302 West Washington St. Room E418

Indianapolis, IN 46204-2765

RE:

This statement is from Kim Tocco, Jackson Township Trustee in Cass County, Indiana in regards to the 2024 State Board of Accounts Audit. It was stated in our comments that the Township did not provide a salary resolution for each of the years 2020, 2021, 2022 and 2023. The trustee salary has been carried over from previous year's Trustee Salary of \$7,000 per year, the Deputy Trustee has the previous year's salary of \$2,000 and each of our three board members receive the amount of \$300 per year. The current Board has never discussed changing the salaries of any of the above mentioned offices. We will address the salaries and will have a resolution starting in 2025. Thank you for understanding.

This statement is from Kim Tocco, Jackson Township Trustee in Cass County, Indiana in regards to the 2024 State Board of Accounts Audit. It was also stated in our comments that the Township did not adopt the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. I am very eager to always learn more information but I am unable to drive in bigger cities to attend these training sessions. I would love to join a webinar at any time to have a training session on internal control standards if that would meet state standards. Thank you for understanding my concern.

Kim Tocco, Jackson Township Trustee