

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GUILFORD TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

06/13/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Charles Ellis	01-01-20 to 12-31-24
Chair of the Township Board	Daniel Kinnamon	01-01-20 to 12-31-20
	Ed Gaddie	01-01-21 to 12-31-21
	Charlie Morris	01-01-22 to 12-31-22
	Daniel Kinnamon	01-01-23 to 12-31-23
	Daniel Kinnamon	01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF GUILFORD TOWNSHIP, HENDRICKS COUNTY, INDIANA

This report is supplemental to the audit report of Guilford Township (Township), for the period from January 1, 2020 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with the Financial Statements Audit Report of the Township, which provides our opinions on the Township's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Result and Comment, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 5, 2024

GUILFORD TOWNSHIP, HENDRICKS COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Township had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Capital Assets

The Township did not accurately report the capital asset activity of the Township at December 31, 2023. Due to an error on its capital asset listing's summary sheet, improvements other than buildings was overstated by \$310,205 and machinery, equipment, and vehicles were overstated by \$339,023.

Audit adjustments were proposed, accepted by the Township, and made to the Schedule of Capital Assets presented in the Financial Statements Audit Report of the Township.

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](#)."

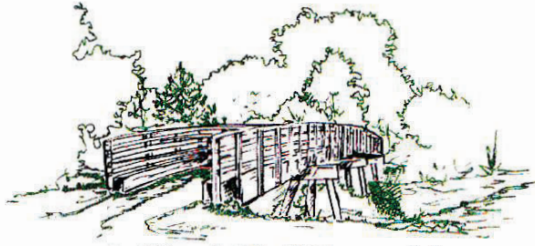
The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana 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. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)



Guilford Civil Township
Hendricks County
Charles D. Ellis, Trustee

June 6, 2024

Indiana State Board of Accounts
302 West Washington Street
Room # 418
Indianapolis, IN 462765

RE: OFFICIAL RESPONSE

This letter is in response to the comment result of the audit for the year ending 2023, regarding capital assets.

“The Township did not accurately report the capital asset activity of the Township at December 31, 2023. Due to an error on its Capital Asset listing’s summary sheet, Improvements other than Building was overstated by \$310,205 and Machinery, Equipment, and Vehicles were overstated by \$339,023. “

Guilford Township immediately made the correction to the formulas in the capital assets spreadsheets to reflect the correct summary for Improvements other than Buildings and Machinery, Equipment and Vehicles. These formulas were incorrect on 12/31/2023, but have since been corrected.

Guilford Township has changed the review process for Capital Assets reporting to include review for accuracy prior to submitting on the Annual Financial Report each year.

Sincerely,

Chuck Ellis, Trustee

GUILFORD TOWNSHIP, HENDRICKS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 5, 2024, with Charles Ellis, Trustee; Beth Harvey, Township Administrator; and Matthew Morris, Township Board member.