

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

SUGAR CREEK TOWNSHIP

CLINTON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
12/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	(Vacant) Jeremy Payne	01-01-20 to 02-23-20 02-24-20 to 12-31-24
Chair of the Township Board	Mark Butcher Louis Evans Mark Butcher	01-01-20 to 12-31-21 01-01-22 to 12-31-23 01-01-24 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF SUGAR CREEK TOWNSHIP, CLINTON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Sugar Creek 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 Jeremy Payne, Trustee; Mark Butcher, Chair of the Township Board; and Louis Evans, Township Board member, on December 9, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 21, 2024

SUGAR CREEK TOWNSHIP, CLINTON COUNTY
COMMENTS

ADOPTION OF INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55220, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

The Township had not adopted the minimum internal control standards as established by the Indiana State Board of Accounts.

Criteria

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

"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 . . ."

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

The same comment appeared in prior Report B55220, entitled *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

Condition and Context

Internal controls were not in place to ensure proper certification of adoption of internal control standards on the Indiana Gateway for Government Units (Gateway) financial reporting system. The Township certified on Gateway that the Township had adopted internal control standards. However, as the Township did not adopt internal controls standards, the certification was incorrect.

SUGAR CREEK TOWNSHIP, CLINTON COUNTY
COMMENTS
(Continued)

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](#)."

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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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. . . ."

ISSUANCE OF FORM 1099

The same comment appeared in prior Reports B47964 and B55220.

Condition and Context

Internal controls were not in place to ensure compliance with federal agency directives. The Township was not in compliance with directives of the Internal Revenue Service that require issuing a Form 1099 for office rent paid to the Township Clerk. The amount of office rent paid to the Township Clerk was \$1,000 for each year of the engagement period.

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)

SUGAR CREEK TOWNSHIP, CLINTON COUNTY
COMMENTS
(Continued)

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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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. . . ."



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

SUGAR CREEK TOWNSHIP, CLINTON 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	\$ 55,530	\$ 11,116	\$ 14,824	\$ 51,822	\$ 26,732	\$ 19,253	\$ 59,301
Township Assistance	38,950	21,047	289	59,708	-	-	59,708
Rainy Day	5,348	-	-	5,348	-	-	5,348
FHC Cemetery	17,046	6,020	4,245	18,821	3,071	3,879	18,013
Totals	<u>\$ 116,874</u>	<u>\$ 38,183</u>	<u>\$ 19,358</u>	<u>\$ 135,699</u>	<u>\$ 29,803</u>	<u>\$ 23,132</u>	<u>\$ 142,370</u>

SUGAR CREEK TOWNSHIP, CLINTON 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			Cash and Investments			Cash and Investments
	01-01-22	Receipts	Disbursements	12-31-22	Receipts	Disbursements	12-31-23
Township	\$ 59,301	\$ 28,154	\$ 17,497	\$ 69,958	\$ 19,518	\$ 15,035	\$ 74,441
Township Assistance	59,708	-	1,116	58,592	5,274	731	63,135
Rainy Day	5,348	-	-	5,348	-	-	5,348
FHC Cemetery	18,013	1,420	4,585	14,848	6,640	2,235	19,253
Totals	<u>\$ 142,370</u>	<u>\$ 29,574</u>	<u>\$ 23,198</u>	<u>\$ 148,746</u>	<u>\$ 31,432</u>	<u>\$ 18,001</u>	<u>\$ 162,177</u>