

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

STONE CREEK TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
01/29/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Michael Lykens Jonathan Cole	01-01-20 to 12-31-22 01-01-23 to 12-31-25
Chair of the Township Board	Cynthia Riddle Jonathan Martin	01-01-20 to 12-31-22 01-01-23 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF STONEY CREEK, HENRY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Stoney 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 Jonathan Cole, Trustee; Jonathan Martin, Chair of the Township Board; and Megan Cole, Township Clerk, on January 15, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 19, 2024

STONEY CREEK, HENRY COUNTY
COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with requirements for monthly and annual uploads to the Indiana Gateway for Government Units (Gateway) financial reporting system during the engagement period.

The Township was not in compliance with State Examiner Directive 2018-1. The monthly Township uploads into Gateway for multiple months during the engagement period were uploaded after the deadline of the 15th day of the subsequent month.

The following required monthly files and governmental unit information were uploaded after the deadline:

- The required monthly uploads for 2020 were uploaded to Gateway in February 2021.
- The required monthly uploads for 2021 were uploaded in February 2022. The required monthly uploads for 2022 were uploaded in February 2023.
- The required monthly uploads for January through March 2023 were uploaded in June 2023.
- The required monthly uploads for December 2023 were uploaded in May 2024.

The Township did not upload the following files and governmental unit information that are required to be uploaded annually:

- Salary Ordinances for 2021 and 2022 were not uploaded.

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. . . ."

STONE CREEK, HENRY COUNTY
COMMENTS
(Continued)

Beginning with July 2018 files, which will be due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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, effective with uploads due February 15, 2021; Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024 and the 2023 annual uploads due March 1, 2024)

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)

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Internal controls over the training and certification of internal controls were insufficient to ensure compliance with requirements. The Township certified on its 2020, 2021, 2022, and 2023 Annual Financial Report via the Indiana Gateway for Government Units financial reporting system that personnel defined by Indiana Code 5-11-1-27(c) received training concerning the internal control standards adopted by the Township; however, no documentation was provided indicating that required employees completed the internal control training.

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. . . .

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STONEY CREEK, HENRY COUNTY
COMMENTS
(Continued)

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."

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](#)."

SUPPORTING DOCUMENTATION

Condition and Context

Internal controls were not in place to ensure compliance with requirements for providing supporting documentation for receipts and disbursements during the engagement period.

The Township was unable to provide supporting documentation in regard to the financial activities tested below during the engagement period.

Disbursements

The Township was unable to provide supporting documentation for one of four Township Assistance disbursements during for the engagement period. The amount of Township Assistance disbursements tested without supporting documentation was \$447.

Receipts

The Township was unable to provide a building rental agreement for 8 out of the 20 building rental receipts selected for testing for the engagement period. The amount of receipts tested without a corresponding building rental agreement was \$925.

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:

STONEY CREEK, HENRY COUNTY
COMMENTS
(Continued)

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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. . . ."

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 Township, Chapter 1)

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 Township, Chapter 1)

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

STONEY CREEK TOWNSHIP, HENRY 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	Receipts	Disbursements	Cash and Investments	Receipts	Disbursements	Cash and Investments
	01-01-20			12-31-20			12-31-21
Township	\$ (131)	\$ 23,715	\$ 22,103	\$ 1,481	\$ 15,613	\$ 16,697	\$ 397
Park And Recreation	5,077	11,740	13,631	3,186	2,223	3,731	1,678
Township Assistance	7,102	14,236	11,447	9,891	9,334	6,500	12,725
Fire Fighting	1,176	50,014	48,883	2,307	52,475	42,523	12,259
Rainy Day	13	-	-	13	-	-	13
Cumulative Fire	1,712	13,617	5,539	9,790	19,094	12,643	16,241
Community Center Fund	1,784	2,650	4,162	272	2,025	1,587	710
Payroll Withholding	456	400	441	415	459	390	484
Totals	<u>\$ 17,189</u>	<u>\$ 116,372</u>	<u>\$ 106,206</u>	<u>\$ 27,355</u>	<u>\$ 101,223</u>	<u>\$ 84,071</u>	<u>\$ 44,507</u>

STONEY CREEK TOWNSHIP, HENRY 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	\$ 397	\$ 23,335	\$ 22,387	\$ 1,345	\$ 21,813	\$ 20,225	\$ 2,933
Park And Recreation	1,678	2,865	1,622	2,921	3,730	4,387	2,264
Township Assistance	12,725	17,425	14,317	15,833	10,075	7,342	18,566
Fire Fighting	12,259	45,440	48,389	9,310	39,267	32,658	15,919
Rainy Day	13	-	-	13	-	13	-
Cumulative Fire	16,241	12,271	11,491	17,021	12,442	5,153	24,310
Community Center Fund	710	1,550	1,692	568	1,550	1,206	912
Payroll Withholding	484	467	451	500	452	451	501
Totals	<u>\$ 44,507</u>	<u>\$ 103,353</u>	<u>\$ 100,349</u>	<u>\$ 47,511</u>	<u>\$ 89,329</u>	<u>\$ 71,435</u>	<u>\$ 65,405</u>