

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

OREGON TOWNSHIP

STARKE 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	Mark Allen	01-01-20 to 12-31-24
Chair of the Township Board	Carole Noble Richard Minker	01-01-20 to 12-31-22 01-01-23 to 12-31-24



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## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF OREGON TOWNSHIP, STARKE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Oregon 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 Mark Allen, Trustee, and Richard Minker, Chair of the Township Board, on December 3, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

November 25, 2024

OREGON TOWNSHIP, STARKE COUNTY  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The Township did not have segregation of duties. The Township did not have an effective system of internal controls in place to ensure compliance with the following items detailed in the comments below:

- Record of Hours Worked
- Prescribed Forms
- Adoption of, and Training and Certification on, Internal Control Standards
- Payroll Deductions Fund

*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. . . ."

**RECORD OF HOURS WORKED**

A similar comment also appeared in prior Report B55248, entitled *FINANCIAL TRANSACTIONS*.

*Condition and Context*

Internal controls were not in place to ensure a record of hours worked for the Fire Chief or Engineer was maintained as required. The Fire Chief and Engineer were paid a total of \$15,050 from 2020 to 2023.

*Criteria*

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

OREGON TOWNSHIP, STARKE COUNTY  
COMMENTS  
(Continued)

General Form 99A, Employee's Service Record  
General Form 99B, Employee's Earnings Record  
General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**PRESCRIBED FORMS**

*Condition and Context*

The Township disbursed a total of \$978 in assistance from 2020 to 2023.

The Township did not properly maintain the prescribed form Notice of Township Assistance Action (TA-1A) or the prescribed form Township Assistance Purchase Order (TA-2) for the administration of Township Assistance as required. The Township did not use the required forms for Township Assistance disbursements made during the engagement period.

*Criteria*

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS**

A similar comment also appeared in prior Report B55248, entitled *TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

*Condition and Context*

The Township did not adopt the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. Additionally, the Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township had not received training over internal control standards that were adopted by the Township.

Furthermore, the Trustee improperly certified on the Annual Financial Report that the Township had adopted the minimum internal control standards as required and that all appropriate personnel received training concerning the internal control standards adopted by the Township.

*Criteria*

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

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

OREGON TOWNSHIP, STARKE 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."

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](#)."

### **PAYROLL DEDUCTIONS FUND**

#### *Condition and Context*

The Township reports a Payroll Deductions fund. The purpose of a payroll deductions fund is to accumulate payroll deductions withheld from employees' wages until paid to the appropriate agency. When paid, the disbursement is to be posted to the Payroll Deductions fund. Furthermore, any balance remaining at month's end in the Payroll Deductions fund should be identifiable to the appropriate agency it is owed to.

From 2021 to 2023, the receipts, disbursements, and ending cash and investment balance of the Payroll Deductions fund totaled \$7,077, \$115, and \$6,962, respectively. Payroll deductions were receipted to the Payroll Deductions fund but most related payroll deduction disbursements were paid from other funds. This resulted in the accumulation of an ending cash and investment balance in the Payroll Deductions fund that could not be associated with an agency it was owed to.

#### *Criteria*

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)



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

OREGON TOWNSHIP, STARKE 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	\$ 120,151	\$ 58,674	\$ 41,464	\$ 137,361	\$ 61,773	\$ 42,132	\$ 157,002
TOWNSHIP ASSISTANCE	24,623	2,174	150	26,647	2,030	350	28,327
FIRE FIGHTING FUND	20,106	97,133	89,327	27,912	102,187	98,501	31,598
RAINY DAY FUND	33,555	-	20,000	13,555	-	-	13,555
CUMULATIVE FIRE	33,938	52,452	54,919	31,471	54,133	46,119	39,485
PAYROLL DEDUCTIONS	-	-	-	-	2,313	115	2,198
Totals	<u>\$ 232,373</u>	<u>\$ 210,433</u>	<u>\$ 205,860</u>	<u>\$ 236,946</u>	<u>\$ 222,436</u>	<u>\$ 187,217</u>	<u>\$ 272,165</u>

OREGON TOWNSHIP, STARKE 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	\$ 157,002	\$ 69,545	\$ 52,002	\$ 174,545	\$ 85,831	\$ 56,635	\$ 203,741
TOWNSHIP ASSISTANCE	28,327	2,140	200	30,267	4,169	278	34,158
FIRE FIGHTING FUND	31,598	102,909	66,964	67,543	95,629	100,377	62,795
RAINY DAY FUND	13,555	-	-	13,555	-	12,091	1,464
CUMULATIVE FIRE	39,485	57,035	40,730	55,790	70,030	12,000	113,820
PAYROLL DEDUCTIONS	2,198	2,304	-	4,502	2,460	-	6,962
<b>Totals</b>	<u>\$ 272,165</u>	<u>\$ 233,933</u>	<u>\$ 159,896</u>	<u>\$ 346,202</u>	<u>\$ 258,119</u>	<u>\$ 181,381</u>	<u>\$ 422,940</u>