

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

COMPLIANCE ENGAGEMENT REPORT

OF

CLINTON TOWNSHIP

CASS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

11/06/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-6
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	8-9
Official Response	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Michael Deitrich John Heckard	01-01-20 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	John Heckard Duane Stuart	01-01-20 to 12-31-22 01-01-23 to 12-31-24



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

TO: THE OFFICIALS OF CLINTON TOWNSHIP, CASS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Clinton 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 John Heckard, Trustee, and Gary Chambers, Township Board member, on October 16, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 10, 2024

CLINTON TOWNSHIP, CASS 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:

- Capital Assets
- Record of Hours Worked
- Prescribed Forms

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. . . ."

CAPITAL ASSETS

Condition and Context

As of December 31, 2023, the Township reported \$852,937 of capital assets in its Annual Financial Report via the Indiana Gateway for Government Units financial reporting system. However, the Township did not provide a detailed listing of capital assets which supported the amounts reported.

Additionally, the Township did not complete an inventory at least every two years as required.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detailed listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CLINTON TOWNSHIP, CASS COUNTY
COMMENTS
(Continued)

RECORD OF HOURS WORKED

Condition and Context

The Township did not maintain a record of hours worked for the Township Clerk as required. The Township Clerk was paid a total of \$8,815 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:

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 \$1,580 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 either of the two 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)

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

CLINTON 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	\$ 141,018	\$ 32,557	\$ 16,618	\$ 156,957	\$ 38,376	\$ 66,496	\$ 128,837
Township Assistance	17,766	1,601	380	18,987	2,052	-	21,039
Fire Fighting	60,464	36,628	26,889	70,203	60,027	46,813	83,417
Rainy Day	14,898	-	-	14,898	-	-	14,898
Cumulative Fire	80,204	19,248	-	99,452	28,926	112,173	16,205
Fire Donation Fund	274	200	-	474	-	-	474
Totals	\$ 314,624	\$ 90,234	\$ 43,887	\$ 360,971	\$ 129,381	\$ 225,482	\$ 264,870

CLINTON 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	\$ 128,837	\$ 37,932	\$ 24,024	\$ 142,745	\$ 51,830	\$ 32,822	\$ 161,753
Township Assistance	21,039	1,048	-	22,087	3,434	1,200	24,321
Fire Fighting	83,417	42,515	49,270	76,662	42,493	36,712	82,443
Rainy Day	14,898	-	-	14,898	-	-	14,898
Cumulative Fire	16,205	34,410	-	50,615	24,595	-	75,210
Fire Donation Fund	474	-	-	474	-	-	474
Totals	<u>\$ 264,870</u>	<u>\$ 115,905</u>	<u>\$ 73,294</u>	<u>\$ 307,481</u>	<u>\$ 122,352</u>	<u>\$ 70,734</u>	<u>\$ 359,099</u>

Office of Clinton Township Trustee

John Heckard, Trustee
P.O. Box 1254
Logansport, Indiana 46947
(574) 398-5793

October 17, 2024

This is the official response of the Trustee and Advisory Board of Clinton Township, Cass County, to the findings of the Indiana State Board of Accounts compliance engagement for the period January 1, 2020, to December 31, 2023.

INTERNAL CONTROLS:

It is very difficult to have a system of Internal Controls in a one-person office. We do have a clerk who is a second set of eyes on all transactions and questions things that appear incorrect. Going forward we are granting read-only access to all financial institutions used by the township to a member of the Township Advisory Board to review all transactions made by the Trustee or Fire Chief, who can only use an authorized debit card for Fire Department needs.

CAPITAL ASSETS:

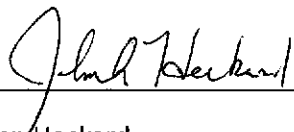
Going forward, we will reconstruct a capital assets ledger and maintain it. We will establish a policy of inventorying those items at least every two years.

RECORD OF HOURS WORKED:

The township clerk has been instructed to keep a record of hours working while keeping the ledger book of the township's transactions and will report them to the Trustee who will maintain a file of the hours. Said file will be available for review upon proper request.

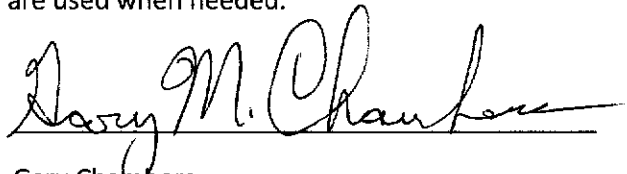
PRESCRIBED FORMS:

The Township has very few requests to Township Assistance. Going forward, we will seek assistance from another township to be sure the proper forms are used when needed.



John Heckard

Clinton Township Trustee



Gary Chambers

Clinton Township Advisory Board Secretary