



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 31, 2024

TO: THE OFFICIALS OF HARRISON TOWNSHIP, ELKHART COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Harrison Township (Township), for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units (Gateway) financial reporting system website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ANNUAL FINANCIAL REPORTS

A similar comment also appeared in prior Reports B47230 and B55419, entitled *CONDITION OF RECORDS*.

Condition and Context

There was a lack of internal controls in financial close and reporting. As a result, differences were noted when comparing the Township's ledger to the Annual Financial Reports (AFR) in Gateway:

Fiscal Year End	AFR Balance	Ledger Balance	Difference
December 31, 2021	\$ 619,008	\$ 623,443	\$ (4,435)
December 31, 2022	356,902	361,336	(4,434)

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](#).

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)

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. . . ."

OVERDRAWN CASH BALANCES

A similar comment also appeared in prior Report B55419, entitled *OVERDRAWN CASH BALANCES*.

Condition and Context

Due to a lack of internal controls, the Payroll Withholdings Fund had overdrawn cash balances of \$711, \$362, \$6,397, and \$4,285 on December 31, 2019, 2020, 2021, and 2022.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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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. . . ."

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.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
As of December 31, 2022

Fund	Cash and Investments 12-31-22
Township General Fund	\$ 137,141
EMS	20,964
Township Assistance Fund	24,075
Fire Fighting Fund	176,958
Rainy Day Fund	2,049
Levy Excess Fund	-
Payroll Withholdings Fund	(4,285)
	-
Total	\$ 356,902

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Kerry Yaw, Trustee, on January 23, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner