

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

ABINGTON TOWNSHIP

WAYNE COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

04/16/2025

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Compliance Report	3-4
Comments	5-10
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	13-15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Chelsea Buchanan Steve Kaiser	01-01-19 to 03-20-22 03-21-22 to 12-31-25
Chair of the Township Board	Doug Toschlog	01-01-19 to 12-31-25



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 ABINGTON TOWNSHIP, WAYNE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Abington Township, (Township) for the period of January 1, 2019 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 Steve Kaiser, Trustee, and Theresa Clark, Township Board member, on March 20, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

January 13, 2025

ABINGTON TOWNSHIP, WAYNE COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Due to internal controls deficiencies, noncompliance was noted in the subsequent comments for the following:

- Annual Financial Report
- Bank Account Reconciliations
- Monthly and Annual Uploads
- Adoption of Internal Control Standards
- Certification on Internal Control Standards
- Compensation and Benefits
- Capital Assets
- Supporting Documentation
- Board Minutes

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. . . ."

ABINGTON TOWNSHIP, WAYNE COUNTY
COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B55344, entitled *ANNUAL FINANCIAL REPORT*.

Condition and Context

Due to internal control deficiencies, financial and other information required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system were incorrect. A review of the ledger indicated that not all receipts and disbursements were reported properly and reported ending balances did not agree to the ledger for 2019-2021. Local Distribution revenue and Local Income Tax revenue were reported incorrectly in the AFRs as follows:

Year	Fund	(Understated) Overstated Error
2019	Township	\$ (1,963)
2019	Fire Fighting Fund	3,486
2019	Cumulative Fire	(2,806)
2020	Township	(12,297)
2021	Township	(5,735)
2022	Township	(12,551)
2022	Fire Fighting Fund	679
2022	Cumulative Fire	13,140
2023	Township	215
2023	Fire Fighting Fund	(215)

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](#)."

BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior Report B55344, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

Due to deficiencies in internal controls, the Township did not complete bank reconciliations during the engagement period.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ABINGTON TOWNSHIP, WAYNE COUNTY
COMMENTS
(Continued)

MONTHLY AND ANNUAL UPLOADS

A similar comment appeared in prior Report B55344, entitled *MONTHLY ENGAGEMENT UPLOADS*.

Condition and Context

Due to internal control deficiencies, the Township did not upload any monthly or annual uploads for 2019-2021. The Township also did not upload all of the annual files for 2022 and 2023.

Criteria

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, and effective with uploads due February 15, 2021)

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)

ADOPTION OF INTERNAL CONTROL STANDARDS

A similar comment appeared in prior Report B55344, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS*.

Condition and Context

Due to internal control deficiencies, the Township Board had not adopted the minimum internal control standards as required by statute.

Criteria

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."

ABINGTON TOWNSHIP, WAYNE COUNTY
COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment appeared in prior Report B55344.

Condition and Context

Due to internal control deficiencies, the Trustee incorrectly certified on the Annual Financial Reports for 2020, 2021, 2022, and 2023 that the Township Board had adopted the minimum internal control standards but was unable to provide documentation of the policy.

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](#)."

COMPENSATION AND BENEFITS

A similar comment appeared in a Management Letter addressed to the Officials of the Township for the compliance prior engagement period ended December 31, 2018.

Condition and Context

Due to internal control deficiencies, the Trustee was overpaid by \$818 in 2022 and was underpaid \$800 in 2023.

Due to internal control deficiencies, the Township did not adopt a salary ordinance for 2019, 2020, 2021, and 2022.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CAPITAL ASSETS

Condition and Context

Due to internal control deficiencies, the Township did not adopt a capital asset policy during the period. The Township did not have a detailed listing of capital assets owned or document a physical inventory throughout the audit engagement period.

ABINGTON TOWNSHIP, WAYNE COUNTY
COMMENTS
(Continued)

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 detail 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)

SUPPORTING DOCUMENTATION

Condition and Context

Due to internal control deficiencies, the Township did not provide supporting documentation for 17 out of 48 disbursements tested. In addition, there were 2 Township Assistance disbursements during the engagement period totaling \$1,052. Township Assistance payments were not supported by an Application for Township Assistance (TA-1) that contained the Trustee's signature, supporting documentation for payments, or any evidence of investigation. The Notice of Township Assistance Action (TA-1A) was not used, as well as the Township Assistance Purchase Order (TA-2).

Criteria

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 Townships, Chapter 1)

Prescribed forms to be used by the township trustee in the administration of township assistance include: TA-1, TA-1A, TA-1B, and TA-2. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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)

BOARD MINUTES

Condition and Context

Due to internal control deficiencies, the Township was unable to provide Township Board minutes for 2020 and 2021. In addition, the Township Board did not reorganize at the beginning each year.

ABINGTON TOWNSHIP, WAYNE COUNTY
COMMENTS
(Continued)

Criteria

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

Indiana Code 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year."

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under [IC 36-6-4-12](#)."

Indiana Code 36-6-6-11(a) states:

"The legislative body shall meet annually in accordance with [IC 6-1.1-17](#), to adopt the township's annual budget. The legislative body must meet and adopt the annual budget even if the legislative body intends for the most recent annual appropriations and annual tax levy of the township to be continued for the ensuing budget year."

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



ABINGTON TOWNSHIP, WAYNE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2019 and 2020

Fund	Cash and Investments 01-01-19	Receipts	Disbursements	Cash and Investments 12-31-19	Receipts	Disbursements	Cash and Investments 12-31-20
Township	\$ 151,834	\$ 32,351	\$ 30,004	\$ 154,181	\$ 17,957	\$ 19,535	\$ 152,603
Township Assistance	19,584	-	600	18,984	-	-	18,984
Fire Fighting	112,903	45,669	32,000	126,572	12,568	28,700	110,440
Rainy Day	3,863	-	-	3,863	-	-	3,863
Levy Excess	8	-	-	8	-	-	8
Cumulative Fire	<u>68,906</u>	<u>2,721</u>	<u>20,000</u>	<u>51,627</u>	<u>-</u>	<u>-</u>	<u>51,627</u>
Totals	<u>\$ 357,098</u>	<u>\$ 80,741</u>	<u>\$ 82,604</u>	<u>\$ 355,235</u>	<u>\$ 30,525</u>	<u>\$ 48,235</u>	<u>\$ 337,525</u>

ABINGTON TOWNSHIP, WAYNE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2021 and 2022

Fund	Cash and Investments 01-01-21	Receipts	Disbursements	Cash and Investments 12-31-21	Receipts	Disbursements	Cash and Investments 12-31-22
Township	\$ 152,604	\$ 21,637	\$ 27,621	\$ 146,620	\$ 30,895	\$ 75,515	\$ 102,000
Township Assistance	18,984	-	-	18,984	-	-	18,984
Fire Fighting	110,440	8,986	28,700	90,726	1,678	-	92,404
Rainy Day	3,863	-	-	3,863	-	-	3,863
Levy Excess	8	-	-	8	-	-	8
Cumulative Fire	<u>51,627</u>	<u>-</u>	<u>-</u>	<u>51,627</u>	<u>13,425</u>	<u>21,000</u>	<u>44,052</u>
Totals	<u>\$ 337,526</u>	<u>\$ 30,623</u>	<u>\$ 56,321</u>	<u>\$ 311,828</u>	<u>\$ 45,998</u>	<u>\$ 96,515</u>	<u>\$ 261,311</u>

ABINGTON TOWNSHIP, WAYNE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2023

Fund	Cash and Investments 01-01-23	Receipts	Disbursements	Cash and Investments 12-31-23
Township General Fund	\$ 101,999	\$ 48,704	\$ 69,276	\$ 81,427
Township Assistance Fund	18,984	-	452	18,532
Firefighting Fund	92,403	30,490	58,242	64,651
Rainy Day Fund	3,859	-	-	3,859
Levy Excess Fund	8	-	-	8
Cumulative Fire Fund	57,884	4,961	59,645	3,200
Well Account	-	100	-	100
Payroll Withholdings Fund	-	2,872	2,872	-
Totals	<u>\$ 275,137</u>	<u>\$ 87,127</u>	<u>\$ 190,487</u>	<u>\$ 171,777</u>