

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

MORGAN TOWNSHIP

OWEN 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	Destanie P. Henderson	01-01-20 to 12-31-22
	Dave Davies	01-01-23 to 12-31-24
Chair of the Township Board	Tina Jackson	01-01-20 to 12-31-22
	Rita Shunk	01-01-23 to 12-31-23
	Ron Jackson	01-01-24 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF MORGAN TOWNSHIP, OWEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Morgan 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 Dave Davies, Trustee, and Ron Jackson, Chair of the Township Board, on November 27, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

November 4, 2024

MORGAN TOWNSHIP, OWEN COUNTY
COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Condition and Context

Internal controls were not in place to ensure that the Township remitted payroll tax withholdings to the State of Indiana on time. The Township paid penalties, interest, and other charges totaling \$507 which were incurred in 2020, 2021, and 2022.

Criteria

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (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. . . ."

ADVANCE PAYMENTS

Condition and Context

Internal controls were not in place to prevent advanced payments of salaries for the Trustee and members of the Township Board. In 2020, 2021, and 2022, salaries were paid monthly. There were 10 of 12 paychecks tested that were paid in advance. These payments were made 12 to 20 days prior to the end of the pay period.

Criteria

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

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MORGAN TOWNSHIP, OWEN COUNTY
COMMENTS
(Continued)

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TOWNSHIP ASSISTANCE

Condition and Context

Internal controls were not in place to ensure that all Township Assistance payments were supported by the required forms. Payments of Township Assistance require an Application for Township Assistance (TA-1), Township Assistance Purchase Order (TA-2), and, if assistance is paid again for the same person, an Application for Additional or Continuing Township Assistance (TA-1B). In a sample of 14 disbursements, the following errors were found:

- There was 1 application in 2021 and 2 applications in 2022 that were not provided for review.
- None of the applications for 2020, 2021, or 2022 had documentation of an investigation being completed.
- Township Assistance Purchase Orders (TA-2) were not provided for 3 payments in 2021 and 4 payments in 2022.
- There was 1 payment in 2022, for which there should have been an Application for Additional or Continuing Township Assistance (TA-1B), that did not include that form.

All payments included in the test were made to vendors which were customary for Township Assistance funds.

Criteria

Application for Township Assistance is to be completed by each person who applies for township assistance. Any person expressing a desire for assistance shall be permitted to apply, whether or not the trustee believes the person to be eligible. Each completed form must be filed in the trustee's office, whether or not relief is granted on the application. The trustee shall not extend aid to persons or families unless an affidavit setting forth the personal condition of the family has been filed within one hundred eighty (180) days prior to the date of the extension of aid. . . .

Application for Additional or Continuing Township Assistance should be completed for additional or continuing township assistance. . . .

MORGAN TOWNSHIP, OWEN COUNTY
COMMENTS
(Continued)

. . . Township Assistance Purchase Order must be issued for each and every township assistance order for medical aid. The form is to be made out in triplicate. The original is either given the indigent to take to the doctor or vendor, or is mailed to the doctor or vendor. The duplicate is to be filed alphabetically in the assistance office, and the triplicate remains in the book in numerical order. The purchase order must be completely filled out and itemized before being issued to the doctor or vendor. The doctor or vendor must itemize fully on the reverse side the exact services rendered or items supplied, and must obtain the signature of the relief client. When more than one service is rendered on the same purchase order, a separate report (Form TA-4) must be submitted for each service showing necessary signatures. The original purchase order, signed by the recipient, must accompany the doctor's or vendor's claim when filed with the trustee for payment. . . .

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

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)

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SUPPORTING DOCUMENTATION

Condition and Context

Internal controls were not in place to ensure compliance with laws and regulations relating to disbursements made by the Township. In a test of 20 disbursements, supporting documentation was not provided for 1 disbursement in 2020, 2 disbursements in 2021, and 1 disbursement in 2022. These disbursements were made to vendors that would do business with the Township in the normal course of business.

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)

MORGAN TOWNSHIP, OWEN COUNTY
COMMENTS
(Continued)

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:

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

MORGAN TOWNSHIP, OWEN 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	\$ 20,737	\$ 11,374	\$ 16,163	\$ 15,948	\$ 19,063	\$ 16,585	\$ 18,426
Township Assistance	16,318	-	1,845	14,473	11,471	1,700	24,244
Fire Fighting	9,951	15,804	12,000	13,755	3,948	6,000	11,703
Rainy Day	3,736	-	-	3,736	-	572	3,164
Cumulative Fire	<u>29,874</u>	<u>11,676</u>	<u>-</u>	<u>41,550</u>	<u>13,464</u>	<u>6,000</u>	<u>49,014</u>
Totals	<u>\$ 80,616</u>	<u>\$ 38,854</u>	<u>\$ 30,008</u>	<u>\$ 89,462</u>	<u>\$ 47,946</u>	<u>\$ 30,857</u>	<u>\$ 106,551</u>

MORGAN TOWNSHIP, OWEN 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	\$ 18,427	\$ 23,450	\$ 13,033	\$ 28,844	\$ 42,341	\$ 25,259	\$ 45,926
Township Assistance	24,243	7,743	2,380	29,606	-	517	29,089
Fire Fighting	11,703	3,805	12,000	3,508	10,114	6,000	7,622
Rainy Day	3,164	-	-	3,164	-	-	3,164
Cumulative Fire	<u>49,014</u>	<u>13,497</u>	<u>6,000</u>	<u>56,511</u>	<u>17,650</u>	<u>6,000</u>	<u>68,161</u>
Totals	<u>\$ 106,551</u>	<u>\$ 48,495</u>	<u>\$ 33,413</u>	<u>\$ 121,633</u>	<u>\$ 70,105</u>	<u>\$ 37,776</u>	<u>\$ 153,962</u>