

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

NOBLE TOWNSHIP

CASS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

12/10/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3-4
Comments .....	5-8
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	10-11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Diann Sedam	01-01-20 to 12-31-24
Chair of the Township Board	Ted Speicher	01-01-20 to 12-31-22
	Ed McKaig	01-01-23 to 12-31-23
	Ted Speicher	01-01-24 to 12-31-24



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State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Noble 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 Diann Sedam, Trustee, and Susan Wilson, Township Board member, on November 21, 2021.



Beth Kelley, CPA, CFE  
Deputy State Examiner

October 17, 2024

NOBLE TOWNSHIP, CASS COUNTY  
COMMENTS

**CONFLICT OF INTEREST**

*Condition and Context*

Internal controls were not in place to ensure the Township filed conflict of interest disclosures. The Township Board approved mowing contracts in January of each year of the engagement period. A contract for mowing in 2020 was entered into between the Township and the spouse of the Trustee. In 2021, 2022, and 2023, a contract was entered into for mowing with a vendor owned by the Trustee. Per review of Township Board minutes and inquiry with the Trustee, no conflict of interest disclosure was completed and accepted by the Township Board for the Trustee. Additionally, a conflict of interest disclosure was not filed with the Cass County Clerk of the Circuit Court's office and with the Indiana State Board of Accounts (SBOA) through the Indiana Gateway for Government Units financial reporting system, contrary to the Indiana Code. It is the position of the SBOA that the Trustee should have filed a conflict of interest disclosure for 2020, 2021, 2022, and 2023 in accordance with Indiana Code 35-44.1-1-4.

*Criteria*

Indiana Code 35-44.1-1-4 states in part:

". . . (b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

(c) It is not an offense under this section if any of the following apply: . . .

(6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is . . .

(B) appointed by an elected public servant;

(C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;

(D) elected; or

(E) a member of, or a person appointed by, the board of trustees of a state supported college or university. . . .

(d) A disclosure must:

- (1) be in writing;
- (2) describe the contract or purchase to be made by the governmental entity;
- (3) describe the pecuniary interest that the public servant has in the contract or purchase;
- (4) be affirmed under penalty of perjury;

NOBLE TOWNSHIP, CASS COUNTY  
COMMENTS  
(Continued)

- (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
- (6) be filed within fifteen (15) days after final action on the contract or purchase with:
  - (A) the state board of accounts; and
  - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

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. . . ."

### **ADDITIONAL COMPENSATION**

#### *Condition and Context*

Internal controls were not in place to ensure the Trustee was paid in accordance with the adopted salary ordinance. The Trustee received an additional compensation of \$4,200, \$4,500, and \$5,420 in 2021, 2022, and 2023, respectively. This was above the approved Trustee's salary. The payments received were for mowing and cemetery upkeep of cemeteries within the Township. The cemetery care is included in the responsibilities of the Trustee.

#### *Criteria*

Indiana Code 36-6-4-3(9) provides that the trustee shall, "Provide and maintain cemeteries under [IC 23-14](#)."

Indiana Code 23-14-69-3 states:

"A township trustee shall care for and maintain each cemetery to which this chapter applies that is located in the township. The duties of a township trustee under this chapter include the following:

- (1) Destroying detrimental plants (as defined in [IC 15-16-8-1](#)), rampant weeds, and rank vegetation.

NOBLE TOWNSHIP, CASS COUNTY  
COMMENTS  
(Continued)

- (2) Removing all unsightly accumulations and debris.
- (3) Resetting and straightening all monuments.
- (4) Leveling and seeding the ground.
- (5) Mowing the lawn."

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)

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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. . . ."

### **ADVANCE PAYMENTS**

A similar comment also appeared in prior Report B55411, entitled *ADVANCE PAYMENTS*.

#### *Condition and Context*

Internal controls were not in place to ensure officials and employees were not paid in advance of services rendered. The Trustee, the Deputy Trustee, and the Township Board were paid their salaries in advance of providing services to the Township during all four years of the engagement.

#### *Criteria*

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

NOBLE TOWNSHIP, CASS COUNTY  
COMMENTS  
(Continued)

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## **CAPITAL ASSETS**

### *Condition and Context*

Due to a lack of internal controls, the Township did not adopt a capital asset policy that establishes a threshold.

### *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)

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

NOBLE 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	\$ 76,898	\$ 19,575	\$ 22,781	\$ 73,692	\$ 19,034	\$ 25,988	\$ 66,738
Township Assistance	41,971	12,698	7,623	47,046	4,604	634	51,016
Rainy Day	30,979	-	901	30,078	-	-	30,078
<b>Totals</b>	<u>\$ 149,848</u>	<u>\$ 32,273</u>	<u>\$ 31,305</u>	<u>\$ 150,816</u>	<u>\$ 23,638</u>	<u>\$ 26,622</u>	<u>\$ 147,832</u>

NOBLE 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	\$ 66,738	\$ 13,810	\$ 26,488	\$ 54,060	\$ 32,026	\$ 35,502	\$ 50,584
Township Assistance	51,016	6,418	-	57,434	1,811	-	59,245
Rainy Day	30,078	-	-	30,078	-	-	30,078
Totals	<u>\$ 147,832</u>	<u>\$ 20,228</u>	<u>\$ 26,488</u>	<u>\$ 141,572</u>	<u>\$ 33,837</u>	<u>\$ 35,502</u>	<u>\$ 139,907</u>