

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

COMPLIANCE ENGAGEMENT REPORT

OF

RICHLAND TOWNSHIP

GREENE COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**  
08/22/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Susan K. Brown	01-01-20 to 12-31-24
Chair of the Township Board	Wm. Leon Allen	01-01-20 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF RICHLAND TOWNSHIP, GREENE COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Richland 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 Susan K. Brown, Trustee, and Wm. Leon Allen, Chair of the Township Board, on August 15, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

August 9, 2024

RICHLAND TOWNSHIP, GREENE COUNTY  
COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

The Township did not have proper internal controls in place to ensure compliance with laws, regulations, and Guidelines relating to capital assets.

The Township did not have a capital asset policy in place during the engagement period that detailed the threshold at which an item is considered a reportable capital asset. A physical inventory was not completed during the engagement period. While the Township provided a capital asset detailed listing, it did not support the amount reported in the Indiana Gateway for Government Units financial reporting system for \$303,590.

*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:

"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. . . ."

**MONTHLY AND ANNUAL UPLOADS**

*Condition and Context*

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1. Per the Directive, the files and governmental unit information that are required to be uploaded monthly include the bank reconciliations, approved Township Board minutes, and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

RICHLAND TOWNSHIP, GREENE COUNTY  
COMMENTS  
(Continued)

Errors found to the monthly and annual uploads include the following:

- Did not include full receipts and disbursements for 2022 or 2023.
- Did not upload bank statements for each month.
- Did not upload the full year's disbursements for 2020.
- The 2021 bank statements uploaded included Wright Township's information instead of Richland Township's.
- The 2020 bank statements uploaded included Jackson Township's information instead of Richland Township's.
- The 2020 annual funds ledger uploaded in the Indiana Gateway for Government Units financial reporting system corresponds to Jackson Township instead of Richland Township.

*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)

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)

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RICHLAND TOWNSHIP, GREENE COUNTY  
COMMENTS  
(Continued)

**PRESCRIBED FORMS**

*Condition and Context*

Internal controls were not in place to ensure required forms prescribed by the Indiana State Board of Accounts were in use. Of the 25 Township Assistance applications tested, we noted the following:

- All 25 Township Assistance disbursements did not have a TA-1A - Notice of Township Assistance Action.

*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)

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

RICHLAND TOWNSHIP, GREENE 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 FUND	\$ 102,516	\$ 85,209	\$ 62,896	\$ 124,829	\$ 79,166	\$ 60,912	\$ 143,083
PARKS AND RECREATION	18,529	-	-	18,529	-	-	18,529
TOWNSHIP ASSISTANCE	186,940	-	7,608	179,332	-	6,887	172,445
FIRE FIGHTING FUND	151,515	45,686	20,716	176,485	47,597	22,944	201,138
RAINY DAY FUND	15,878	-	-	15,878	3,810	-	19,688
CUMULATIVE FIRE	44,620	12,193	16,549	40,264	19,400	4,595	55,069
UNION BETHEL CEMETERY	100	100	-	200	-	300	(100)
PAYROLL DEDUCTIONS	668	4,817	5,479	6	5,235	4,774	467
Totals	<u>\$ 520,766</u>	<u>\$ 148,005</u>	<u>\$ 113,248</u>	<u>\$ 555,523</u>	<u>\$ 155,208</u>	<u>\$ 100,412</u>	<u>\$ 610,319</u>

RICHLAND TOWNSHIP, GREENE 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 FUND	\$ 143,085	\$ 72,764	\$ 63,860	\$ 151,989	\$ 102,393	\$ 67,462	\$ 186,920
PARKS AND RECREATION	18,529	-	1,000	17,529	-	2,000	15,529
TOWNSHIP ASSISTANCE	172,445	-	6,477	165,968	-	6,223	159,745
FIRE FIGHTING FUND	201,136	46,160	94,914	152,382	49,147	46,312	155,217
RAINY DAY FUND	19,688	-	6,360	13,328	-	-	13,328
CUMULATIVE FIRE	55,070	36,140	-	91,210	14,719	-	105,929
UNION BETHEL CEMETERY	(100)	-	-	(100)	-	-	(100)
PAYROLL DEDUCTIONS	884	5,234	5,445	673	5,988	6,148	513
Totals	<u>\$ 610,737</u>	<u>\$ 160,298</u>	<u>\$ 178,056</u>	<u>\$ 592,979</u>	<u>\$ 172,247</u>	<u>\$ 128,145</u>	<u>\$ 637,081</u>