

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

COMPLIANCE ENGAGEMENT REPORT

OF

CENTER TOWNSHIP

UNION COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED

10/24/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Matt Reuss	01-01-19 to 12-31-24
Chair of the Township Board	Gary Finch	01-01-19 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CENTER TOWNSHIP, UNION COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Center 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 Matt Reuss, Trustee, on October 2, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

August 22, 2024

CENTER TOWNSHIP, UNION COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure the Township complied with laws, regulations, and guidelines over township assistance as detailed further in the comment below.

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. . . ."

TOWNSHIP ASSISTANCE

A similar comment also appeared in prior Report B48276 and a Management Letter addressed to the Trustee and the Township Board on June 15, 2020, entitled *TOWNSHIP ASSISTANCE STANDARDS*.

Condition and Context

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 in 2019, 2020, 2021, 2022, and 2023.

CENTER TOWNSHIP, UNION COUNTY
COMMENTS
(Continued)

Also, a sample of ten Township Assistance disbursements were selected for testing. In our sample, we could not verify if some combination of or all of the following Township Assistance forms were adequately completed:

- TA-1, Application for Township Assistance
- TA-1A, Notice of Township Assistance Action
- TA-2, Township Assistance Purchase Order

Criteria

Indiana Code 12-20-5.5-1(b) states:

"The township's standards for the issuance of township assistance and the processing of applications must be:

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

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)

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. See Chapter III for more information. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

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

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CENTER TOWNSHIP, UNION 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	\$ 31,236	\$ 16,764	\$ 13,517	\$ 34,483	\$ 17,829	\$ 13,049	\$ 39,263
Township Assistance	10,930	910	1,767	10,073	1,006	-	11,079
Fire Fighting	16,681	27,776	21,187	23,270	28,512	21,187	30,595
Rainy Day	4,995	-	-	4,995	-	-	4,995
levy excess	4,625	-	-	4,625	-	-	4,625
Totals	<u>\$ 68,467</u>	<u>\$ 45,450</u>	<u>\$ 36,471</u>	<u>\$ 77,446</u>	<u>\$ 47,347</u>	<u>\$ 34,236</u>	<u>\$ 90,557</u>

CENTER TOWNSHIP, UNION 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	\$ 39,264	\$ 20,586	\$ 13,300	\$ 46,550	\$ 21,260	\$ 13,124	\$ 54,686
Township Assistance	11,079	949	250	11,778	838	599	12,017
Fire Fighting	30,595	30,075	21,187	39,483	30,621	21,187	48,917
Rainy Day	4,995	-	-	4,995	-	-	4,995
levy excess	4,625	-	-	4,625	-	-	4,625
Totals	<u>\$ 90,558</u>	<u>\$ 51,610</u>	<u>\$ 34,737</u>	<u>\$ 107,431</u>	<u>\$ 52,719</u>	<u>\$ 34,910</u>	<u>\$ 125,240</u>

CENTER TOWNSHIP, UNION 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	\$ 54,685	\$ 17,272	\$ 13,372	\$ 58,585
Township Assistance	12,016	221	3,204	9,033
Fire Fighting	48,917	18,722	29,468	38,171
Rainy Day	4,995	-	-	4,995
levy excess	<u>4,625</u>	<u>-</u>	<u>-</u>	<u>4,625</u>
Totals	<u>\$ 125,238</u>	<u>\$ 36,215</u>	<u>\$ 46,044</u>	<u>\$ 115,409</u>