

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

COMPLIANCE ENGAGEMENT REPORT

OF

HADDON TOWNSHIP

SULLIVAN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

11/13/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Compliance Report .....	3-4
Comments .....	5-6
Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis.....	8-9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marsha Early Brittany Souders	01-01-20 to 12-31-22 01-01-23 to 12-31-24
Chair of the Township Board	Todd Waldroup	01-01-20 to 12-31-24



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF HADDON TOWNSHIP, SULLIVAN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Haddon 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 Brittany Souders, Trustee, and Jennifer Ridgway, Township Board member, on October 29, 2024.



Beth Kelley, CPA, CFE  
Deputy State Examiner

August 20, 2024

HADDON TOWNSHIP, SULLIVAN COUNTY  
COMMENTS

**INTERNAL CONTROLS**

*Condition and Context*

The following areas did not have proper internal controls in place to ensure compliance with laws, regulations, and guidelines. Noncompliance with each is identified in the comments below:

- Capital Assets
- Approval of Salaries
- Prescribed Forms

*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. . . ."

**CAPITAL ASSETS**

*Condition and Context*

Internal controls were not in place to ensure compliance with guidelines over 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. The Township was unable to provide a complete capital asset listing to support the amount reported in the Annual Financial Report in the Indiana Gateway for Government Units financial reporting system of \$730,000 at December 31, 2023.

*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)

HADDON TOWNSHIP, SULLIVAN COUNTY  
COMMENTS  
(Continued)

**APPROVAL OF SALARIES**

A similar comment appeared in prior Reports B41544 and B48716 as well as in a Management Letter addressed to the Township for the review period ending December 31, 2019.

*Condition and Context*

The Township Board did not fix the salaries of the Township officials and employees for the years 2020, 2021, 2022, or 2023. An unofficial listing of salaries was presented for audit which showed the Trustee's pay increased by \$100 each respective year while all officials and employees' salaries remained the same.

*Criteria*

Indiana Code 36-6-6-10(c) states:

"The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked."

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)

**PRESCRIBED FORMS**

*Condition and Context*

Required forms prescribed by the Indiana State Board of Accounts were not in use. Of the 20 Township Assistance applications tested, we noted the following:

- There was 1 Township Assistance disbursement that did not have a TA-2 - Township Assistance Purchase Order in 2020.
- All 20 Township Assistance disbursements tested 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)

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

HADDON TOWNSHIP, SULLIVAN 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
General Township	\$ 84,817	\$ 50,046	\$ 35,727	\$ 99,136	\$ 53,058	\$ 37,629	\$ 114,565
Park And Recreation	6,288	1,972	1,200	7,060	2,054	1,200	7,914
Township Assistance	50,937	13,186	4,923	59,200	13,012	9,289	62,923
Fire Fighting	61,667	38,806	29,577	70,896	39,428	33,415	76,909
Levy Excess	334	-	334	-	-	-	-
Cum Fire	<u>66,965</u>	<u>14,035</u>	<u>-</u>	<u>81,000</u>	<u>12,304</u>	<u>-</u>	<u>93,304</u>
Totals	<u>\$ 271,008</u>	<u>\$ 118,045</u>	<u>\$ 71,761</u>	<u>\$ 317,292</u>	<u>\$ 119,856</u>	<u>\$ 81,533</u>	<u>\$ 355,615</u>

HADDON TOWNSHIP, SULLIVAN 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
General Township	\$ 114,566	\$ 57,792	\$ 61,685	\$ 110,673	\$ 70,021	\$ 58,094	\$ 122,600
Park And Recreation	7,914	2,045	1,200	8,759	2,046	6,300	4,505
Township Assistance	62,922	13,330	8,908	67,344	13,513	12,079	68,778
Fire Fighting	76,907	41,027	33,024	84,910	43,623	39,219	89,314
Cum Fire	93,304	14,017	-	107,321	23,318	-	130,639
Totals	\$ 355,613	\$ 128,211	\$ 104,817	\$ 379,007	\$ 152,521	\$ 115,692	\$ 415,836