

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

TURMAN TOWNSHIP

SULLIVAN COUNTY, INDIANA

January 1, 2020 to December 31, 2024



FILED

04/17/2025

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.....	11-13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Travis McKinney	01-01-20 to 12-31-25
Chair of the Township Board	Charles L. Rinehart Billie Cox	01-01-20 to 12-31-22 01-01-23 to 12-31-25



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Turman Township (Township), for the period of January 1, 2020 to December 31, 2024. 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 Travis McKinney, Trustee; Billie Cox, Chair of the Township Board; Rudy Nichols, Secretary; and Shirley Monroe, Township Board member, on March 27, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

March 17, 2025

TURMAN TOWNSHIP, SULLIVAN COUNTY
COMMENTS

INTERNAL CONTROLS OVER COMPLIANCE

Condition and Context

Internal controls were not in place to ensure that the Township complied with laws, regulations, and Guidelines. Internal control deficiencies resulted in noncompliance over the following areas and are detailed further in the comments below:

- Capital Assets
- Adoption of Internal Control Standards
- Certification on Internal Control Standards
- Township Assistance
- Contracts
- Annual Financial Report

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

The Township had not adopted a capital asset policy that details the threshold at which an item is considered a capital asset and does not maintain a complete, detailed listing of all capital assets owned, which reflects its acquisition value. In addition, a physical inventory was not performed as required every two years.

TURMAN TOWNSHIP, SULLIVAN COUNTY
COMMENTS
(Continued)

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)

ADOPTION OF INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55578.

Condition and Context

The Township has not adopted the minimum level of internal controls as required by statute. However, the Township personnel received training on internal control standards, even though the policy had not been adopted.

Criteria

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55578.

Condition and Context

The Trustee incorrectly certified in the Indiana Gateway for Government Units financial system that the Township had adopted an internal control policy in 2020, 2021, 2022, 2023, and 2024.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

TURMAN TOWNSHIP, SULLIVAN COUNTY
COMMENTS
(Continued)

TOWNSHIP ASSISTANCE

Condition and Context

The Township had five disbursements for Township Assistance during the engagement period. All were tested. The following issues were noted:

- Four of the Applications for Township Assistance Form (TA-1) did not contain any evidence of an investigation.
- The Trustee did not retain copies of the Notice of Township Assistance Action (TA-1A) for any of the disbursements.
- One Township Assistance Purchase Order (TA-2) did not agree with the actual amount paid.

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 township trustee shall carefully investigate the circumstances of the applicant and each member of the applicant's household to ascertain their legal residence, their physical condition relating to sickness or health, their present and previous occupation, their names and ages, the ability and capacity for labor of all members of the household, and the cause of the applicant's or household members' condition if the applicant's household member is found to be in distress and the cause can be ascertained, whether an applicant or member of the applicant's household is entitled to income in the immediate future from any source including past or present employment, pending claims that may result in monetary award, or pending determination for assistance from any other federal or state governmental entity. (Form TA-1) The trustee shall ascertain, as far as possible, whether such persons have relatives able and willing to assist them. IC 12-20-6-9. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Immediately after any action is taken upon a completed township assistance application or, in the case of termination or reduction of existing benefits, before action is taken, a "Notice of Township Assistance Action" form shall be delivered to the applicant or recipient in person or by first class United States mail at said person's last known address. A copy of each completed "Notice" shall be filed with the applicant's application in the trustee's office. In those cases where the trustee has determined to terminate or reduce benefits, if an appeal is requested within ten (10) days, assistance shall be continued to those recipients until a decision by the county commissioners is made. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

CONTRACTS

Condition and Context

Six of the twenty-five vendor disbursements tested were for mowing services paid to two different vendors. The Township did not have a written contract documenting conditions of the agreement.

TURMAN TOWNSHIP, SULLIVAN COUNTY
COMMENTS
(Continued)

Criteria

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL FINANCIAL REPORT

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The Township did not maintain a detailed capital asset listing that supported the amounts reported as capital assets in the AFR. The Township reported the following amounts on the Schedule of Capital Assets:

<u>Year</u>	<u>Capital Assets Reported</u>
2020	\$ 260,538
2021	260,538
2022	350,538
2023	360,538
2024	485,538

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

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



TURMAN 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
Township	\$ 169,671	\$ 56,804	\$ 48,361	\$ 178,114	\$ 57,477	\$ 40,725	\$ 194,866
Township Assistance	37,107	-	584	36,523	-	-	36,523
Fire Fighting	114,466	26,224	40,127	100,563	27,508	14,090	113,981
Levy Excess	1,940	-	-	1,940	-	1,940	-
Community Building	2,736	-	-	2,736	-	-	2,736
Cumulative Fire	91,832	8,810	38,000	62,642	7,995	1,500	69,137
Payroll Withholdings	1,021	2,301	3,322	-	3,544	3,544	-
Totals	<u>\$ 418,773</u>	<u>\$ 94,139</u>	<u>\$ 130,394</u>	<u>\$ 382,518</u>	<u>\$ 96,524</u>	<u>\$ 61,799</u>	<u>\$ 417,243</u>

TURMAN 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
Township	\$ 194,864	\$ 56,229	\$ 60,214	\$ 190,879	\$ 101,694	\$ 83,165	\$ 209,408
Township Assistance	36,523	-	1,466	35,057	-	-	35,057
Fire Fighting	113,981	26,517	11,620	128,878	29,110	10,395	147,593
Community Building	2,736	440	-	3,176	5,000	-	8,176
Cumulative Fire	69,138	8,025	-	77,163	9,555	-	86,718
Payroll Withholdings	-	2,763	2,763	-	2,763	1,249	1,514
Totals	<u>\$ 417,242</u>	<u>\$ 93,974</u>	<u>\$ 76,063</u>	<u>\$ 435,153</u>	<u>\$ 148,122</u>	<u>\$ 94,809</u>	<u>\$ 488,466</u>

TURMAN TOWNSHIP, SULLIVAN COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended December 31, 2024

Fund	Cash and Investments 01-01-24	Receipts	Disbursements	Cash and Investments 12-31-24
TOWNSHIP FUND	\$ 209,409	\$ 58,392	\$ 177,599	\$ 90,202
TOWNSHIP ASSISTANCE	35,057	-	250	34,807
TOWNSHIP FIRE & EMS	147,593	26,901	72,634	101,860
CUMULATIVE FIRE	86,716	12,037	-	98,753
COMMUNITY BUILDING	8,176	-	8,176	-
PAYROLL DEDUCTIONS	<u>1,514</u>	<u>2,763</u>	<u>2,763</u>	<u>1,514</u>
Totals	<u>\$ 488,465</u>	<u>\$ 100,093</u>	<u>\$ 261,422</u>	<u>\$ 327,136</u>