

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

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

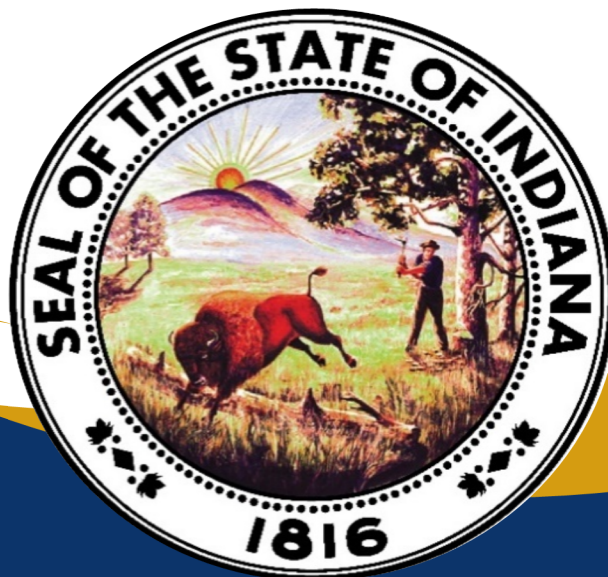
COMPLIANCE ENGAGEMENT REPORT

OF

PLEASANT TOWNSHIP

GRANT COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
12/31/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Ted A. Tobias	01-01-20 to 12-31-24
Chair of the Township Board	David Michael Ross Evan Pauley	01-01-20 to 03-09-21 03-10-21 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF PLEASANT TOWNSHIP, GRANT COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Pleasant 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 Ted A. Tobias, Trustee, and Nancy Abraham, Township Board member, on December 16, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 4, 2024

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

The Township did not have adequate internal controls in place to ensure compliance with applicable laws and regulations. The following noncompliance issues were noted and explained in the subsequent comments:

- Compensation and Benefits
- Township Assistance
- Annual Financial Report
- Condition of Records
- Bank Account Reconciliations
- Adoption of, and Training on, Internal Control Standards
- Certification on Internal Control Standards and Training
- Monthly and Annual Uploads
- Federal and State Agencies - Compliance Requirements
- Annual Nepotism Policy Certification
- Annual Contracting Policy Certification

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. . . ."

COMPENSATION AND BENEFITS

Condition and Context

The Township did not provide an annual salary resolution or other documentation establishing and approving the salaries of all Township officers and employees or maintain attendance or time records for the Chief Deputy during the engagement period.

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

Criteria

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)

Indiana Code 5-11-9-4(b) states:

"The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

- (1) covered by section 1 or 2 of this chapter; and
- (2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TOWNSHIP ASSISTANCE

A similar comment also appeared in prior Compliance Letter B46878 regarding standards and Report B55574, entitled *TOWNSHIP ASSISTANCE STANDARDS*.

Condition and Context

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1.

Additionally, we selected 16 Township Assistance disbursements for testing. The Application for Township Assistance Forms (TA-1) were not completed properly, and some of the Township Assistance Purchase Order Forms (TA-2) lacked supporting documentation for disbursements. The following issues were identified:

- None of the Township Assistance applications were signed by the Trustee.
- There were 4 not signed by the applicants.
- There were 2 applications that was not provided.
- No supporting documentation was provided for 15 of the disbursements.

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

Criteria

Indiana Code 12-20-5.5-1 states:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) 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.

(c) The township trustee shall annually certify that the uniform written standards for the issuance of township assistance have been filed with the board of county commissioners as required under subsections (b)(2). The certification shall be noted in the township's budget submitted to the department of local government finance's computer gateway under [IC 6-1.1-17-3](#)."

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)

Township Assistance Purchase Order must be issued for each and every township assistance order for medical aid. The form is to be made out in triplicate. The original is either given the indigent to take to the doctor or vendor, or is mailed to the doctor or vendor. The duplicate is to be filed alphabetically in the assistance office, and the triplicate remains in the book in numerical order. The purchase order must be completely filled out and itemized before being issued to the doctor or vendor. The doctor or vendor must itemize fully on the reverse side the exact services rendered or items supplied, and must obtain the signature of the relief client. When more than one service is rendered on the same purchase order, a separate report (Form TA-4) must be submitted for each service showing necessary signatures. The original purchase order, signed by the recipient, must accompany the doctor's or vendor's claim when filed with the trustee for payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT

Similar comments also appeared in prior Compliance Letter B46878 and Report B55574, entitled *ANNUAL FINANCIAL REPORT* and *LATE SUBMISSION OF ANNUAL FIANCIAL REPORT*.

Condition and Context

The Township is required to report financial and other information annually in the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system, which was the source of the Township's Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis. Some information reported was incorrect and did not agree with the Township's financial ledgers. The AFR's submitted contained the following errors:

Schedule of Errors on AFR					
Receipts:		Over (Under) Stated			
Fund	2020	2021	2022	2023	
Township	\$ -	\$ (541)	\$ (5,135)	\$ -	
Township Assistance	3,317	-	-	-	
Fire Fighting	(1,047)	-	-	(22)	
Rainy Day	-	-	-	-	
Totals	\$ 2,270	\$ (541)	\$ (5,135)	\$ (22)	
Disbursements:		Over (Under) Stated			
Fund	2020	2021	2022	2023	
Township	\$ (3,478)	\$ -	\$ (3,654)	\$ (1,292)	
Township Assistance	540	-	391	540	
Fire Fighting	-	-	-	-	
Rainy Day	-	-	-	-	
Totals	\$ (2,938)	\$ -	\$ (3,263)	\$ (752)	
Ending Cash and Investment Balances:		Over (Under) Stated			
Fund	2020	2021	2022	2023	
Township	\$ 3,478	\$ (481)	\$ (2,387)	\$ -	
Township Assistance	-	(926)	-	-	
Fire Fighting	-	-	-	-	
Rainy Day	-	-	-	-	
Totals	\$ 3,478	\$ (1,407)	\$ (2,387)	\$ -	

Additionally, the Township filed its 2020, 2022, and 2023 AFR's after the due date. The Township submitted its reports for 2020, 2022, and 2023 on March 2, 2021 (1 day late), April 12, 2023 (42 days late), and March 20, 2024 (20 days late), respectively.

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

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](#)."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONDITION OF RECORDS

A similar comment also appeared in prior Report B55574.

Condition and Context

For 2020 through 2023, the Township's Financial and Appropriation Record (Township Form No. 1C), which is its financial ledger, was not used properly. The financial ledger had the following errors:

- Columns for receipts and disbursements were totaled incorrectly or not totaled at all, and balances were not determined on a yearly basis.
- Local income tax distributions for 2023 were overstated in the Township's ledger by \$3,096.
- Yearly ending balances did not agree with the beginning balances of the subsequent years.

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)

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Compliance Letter B46878 and Report B55574.

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

Condition and Context

Bank account reconciliations were not prepared for the months of January 2020 through December 2023. Based on procedures we performed, the bank did not reconcile to the financial ledger at December 31, 2020, 2021, 2022, or 2023. For each year the bank was lower than the financial records by \$1,814, \$6,744, \$5,789, and \$7,225, respectively.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55574.

Condition and Context

The Township did not adopt the acceptable minimal level of internal control standards. Additionally, required personnel did not receive the necessary training on internal control standards.

Criteria

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

"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; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B55574.

Condition and Context

The Township certified in the Annual Financial Report that the adoption of, and training on, internal control standards had been performed for 2020, 2022, and 2023 which were made incorrectly.

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

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](#)."

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The files and governmental unit information that are required to be uploaded monthly include the bank reconciliements, 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.

The Township did not comply with the State Examiner Directive and had not uploaded any of the required monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2020, 2021, 2022, and 2023.

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)

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021)

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)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The same comment also appeared in prior Compliance Letter B46878 and Report B55574.

PLEASANT TOWNSHIP, GRANT COUNTY
COMMENTS
(Continued)

Condition and Context

Federal Form 1099 was not issued for office rent paid to the Trustee for years 2020, 2021, 2022, and 2023. The annual office rent paid was \$3,800.

Criteria

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)

ANNUAL NEPOTISM POLICY CERTIFICATIONS

The same comment also appeared in prior Compliance Letter B46878 and Report B55574.

Condition and Context

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-20.2 by December 31 of 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

ANNUAL CONTRACTING POLICY CERTIFICATIONS

The same comment also appeared in prior Compliance Letter B46878 and Report B55574.

Condition and Context

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-21 by December 31 of 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

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

PLEASANT TOWNSHIP, GRANT 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	\$ 23,757	\$ 36,543	\$ 42,624	\$ 17,676	\$ 60,013	\$ 46,656	\$ 31,033
Township Assistance	7,303	29,183	13,103	23,383	5,946	12,164	17,165
Fire Fighting	50,825	27,255	10,500	67,580	28,749	31,500	64,829
Rainy Day	13,518	-	-	13,518	-	-	13,518
Totals	<u>\$ 95,403</u>	<u>\$ 92,981</u>	<u>\$ 66,227</u>	<u>\$ 122,157</u>	<u>\$ 94,708</u>	<u>\$ 90,320</u>	<u>\$ 126,545</u>

PLEASANT TOWNSHIP, GRANT 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	\$ 31,033	\$ 52,567	\$ 45,157	\$ 38,443	\$ 65,109	\$ 47,869	\$ 55,683
Township Assistance	17,165	10,879	16,366	11,679	10,912	18,572	4,019
Fire Fighting	64,829	29,465	21,000	73,294	30,642	10,500	93,436
Rainy Day	13,518	-	-	13,518	-	-	13,518
	<u>126,545</u>	<u>92,911</u>	<u>82,523</u>	<u>136,933</u>	<u>106,663</u>	<u>76,941</u>	<u>166,655</u>
Totals	\$ 126,545	\$ 92,911	\$ 82,523	\$ 136,933	\$ 106,663	\$ 76,941	\$ 166,655