

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

RAY TOWNSHIP

MORGAN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

04/16/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Joseph Ramey, Jr. Shanan Dow	01-01-20 to 06-30-24 07-01-24 to 12-31-25
Chair of the Township Board	Frances Teeters	01-01-20 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF RAY TOWNSHIP, MORGAN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Ray 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 Shanan Dow, Trustee; Frances Teeters, Chair of the Township Board; and Patricia Dow, Township Clerk, on April 1, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 1, 2025

RAY TOWNSHIP, MORGAN COUNTY
COMMENTS

MONTHLY AND ANNUAL UPLOADS

Condition and Context

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

Annual upload requirements include the year-end investment statements, detail of receipt activity, detail of disbursement activity, current year salary ordinance (and amendments), annual vendor history report, annual funds ledger, annual payroll history report, and a personnel policy.

The Township did not comply with the State Examiner Directive and did not upload any of the monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2020-2023.

Criteria

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; Updated October 30, 2023, effective with the December 2023 monthly uploads due February 15, 2024, and the 2023 annual uploads due March 1, 2024)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, 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)

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. . . ."

RAY TOWNSHIP, MORGAN COUNTY
COMMENTS
(Continued)

ADOPTION OF, AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

Similar comments also appeared in prior Report B55896, entitled *ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS* and *CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

Condition and Context

Internal controls were not in place to ensure compliance with the adoption of internal control standards. Also, internal controls were not in place to ensure the Township correctly certified in the Indiana Gateway for Government Units (Gateway) financial reporting system its adoption of internal control standards.

The Township had not adopted the minimum internal control standards as established by the Indiana State Board of Accounts. The Township's certifications of the adoption of internal control standards for 2020, 2021, 2022, and 2023 were made incorrectly in Gateway. The Township certified that it had adopted minimum internal control standards; however, the Township had not adopted these 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."

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RAY TOWNSHIP, MORGAN COUNTY
COMMENTS
(Continued)

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

RAY TOWNSHIP, MORGAN 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	\$ 34,633	\$ 12,888	\$ 21,121	\$ 26,400	\$ 13,244	\$ 21,353	\$ 18,291
Township Assistance	6,658	4,590	1,843	9,405	4,954	2,108	12,251
Fire Fighting	32,170	26,441	20,400	38,211	27,188	20,400	44,999
Rainy Day	11,464	-	-	11,464	-	-	11,464
Cumulative Fire	<u>6,694</u>	<u>11,900</u>	<u>13,134</u>	<u>5,460</u>	<u>16,981</u>	<u>14,873</u>	<u>7,568</u>
Totals	<u>\$ 91,619</u>	<u>\$ 55,819</u>	<u>\$ 56,498</u>	<u>\$ 90,940</u>	<u>\$ 62,367</u>	<u>\$ 58,734</u>	<u>\$ 94,573</u>

RAY TOWNSHIP, MORGAN 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	\$ 18,291	\$ 19,383	\$ 21,165	\$ 16,509	\$ 34,785	\$ 22,626	\$ 28,668
Township Assistance	12,251	318	1,850	10,719	2,162	2,585	10,296
Fire Fighting	44,999	33,156	20,400	57,755	22,395	20,400	59,750
Rainy Day	11,464	-	-	11,464	-	1,500	9,964
Cumulative Fire	<u>7,568</u>	<u>13,489</u>	<u>14,948</u>	<u>6,109</u>	<u>16,268</u>	<u>7,306</u>	<u>15,071</u>
Totals	<u>\$ 94,573</u>	<u>\$ 66,346</u>	<u>\$ 58,363</u>	<u>\$ 102,556</u>	<u>\$ 75,610</u>	<u>\$ 54,417</u>	<u>\$ 123,749</u>

Ray Township Trustee

Paragon, IN

Ray Township Trustee and Ray Township Board will adopt the Internal Controls Standards Policy in 2025 and moving forward.

Electronica Signature: *Shanan E. Dow – Ray Township Trustee*

Date: 4/10/2025