

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

COMPLIANCE ENGAGEMENT REPORT

OF

ROCK CREEK TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2019 to December 31, 2023



FILED
07/01/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gary Jaquess	01-01-19 to 12-31-22
	Marcus D. Speer	01-01-23 to 12-31-24
Chair of the Township Board	Garry Barker	01-01-19 to 10-06-21
	Doug Brougher	10-07-21 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF ROCK CREEK TOWNSHIP, BARTHOLOMEW COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Rock Creek 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 Marcus D. Speer, Trustee, and Doug Brougher, Chair of the Township Board, on June 20, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 12, 2024

ROCK CREEK TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS

BANK ACCOUNT RECONCILIATIONS

A similar comment was included in prior Reports B42881, entitled *DEPOSITORY RECONCILIATIONS*; and B55815, entitled *BANK ACCOUNT RECONCILIATIONS*.

Condition and Context

Internal controls were not in place to ensure that the bank reconciliations were completed monthly. Depository reconciliations of the fund balances to the bank account balances were not completed during the engagement period.

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."

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 did not have a proper system of internal controls in place to ensure compliance with laws and regulations and financial reporting related to capital assets.

The Township did not have a capital asset policy that detailed the threshold at which an item is considered a capital asset. Prescribed Form 369, Capital Asset Ledger, a detailed list of capital assets reflecting the acquisition value was not maintained. There was no evidence a physical inventory of assets had been taken every two years as required.

The Township reported \$1,400 in capital assets as of December 31 for each year of the engagement period in its Annual Financial Report filed in the Indiana Gateway for Government Units financial reporting system; however, no documentation was presented to support the amount reported.

ROCK CREEK TOWNSHIP, BARTHOLOMEW 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)

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:

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TRAINING ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55815.

Condition and Context

There was no evidence that personnel whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had received training over internal control standards, that was developed or approved by the Indiana State Board of Accounts.

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."

ROCK CREEK TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

CERTIFICATION ON INTERNAL CONTROL STANDARDS

A similar comment also appeared in prior Report B55815.

Condition and Context

The Trustee improperly certified on the Annual Financial Report that training had been provided to employees on the internal control standards as required during calendar years 2019, 2020, 2021, 2022, and 2023.

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](#)."

PRESCRIBED FORMS - TOWNSHIP ASSISTANCE

Condition and Context

The Township did not have a proper system of internal controls in place to ensure proper documentation is maintained to support Township Assistance disbursements.

Proper documentation was not presented for examination for six out of the ten Township Assistance disbursements tested. Form TA-1 Application for Township Assistance and Form TA-1A Notice of Township Assistance Action was not provided for two of the disbursements tested, totaling \$350 for rent and electric assistance. For four of the disbursements tested, totaling \$760 for gas and electric assistance, there was no indication an investigation was performed.

Criteria

Indiana Code 12-20-6-1 states in part:

"(a) A township trustee may not extend aid to an individual or a household unless an application and affidavit setting forth the personal condition of the individual or household has been filed with the trustee within one hundred eighty (180) days before the aid is extended.

(b) An individual filing an application and affidavit on behalf of household must provide the names of all household members and any information necessary for determining the household's eligibility for township assistance. The application must be on the form prescribed by the state board of accounts."

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. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

ROCK CREEK TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

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:

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

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ROCK CREEK TOWNSHIP, BARTHOLOMEW 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	\$ 9,215	\$ 16,979	\$ 12,817	\$ 13,377	\$ 19,601	\$ 15,252	\$ 17,726
Township Assistance	26,207	-	600	25,607	-	600	25,007
Fire Fighting	(2,431)	22,166	12,000	7,735	31,343	12,000	27,078
Rainy Day Fund	1,235	-	-	1,235	-	-	1,235
Levy Excess fund	687	-	-	687	-	-	687
Cumulative Fire	37,740	27,368	-	65,108	27,688	60,000	32,796
Cemetery Bond #80031968	302	-	302	-	-	-	-
Cemetery Bond #80032060	230	-	230	-	-	-	-
Cemetery Trust Fund #80036399	153	-	153	-	-	-	-
Totals	<u>\$ 73,338</u>	<u>\$ 66,513</u>	<u>\$ 26,102</u>	<u>\$ 113,749</u>	<u>\$ 78,632</u>	<u>\$ 87,852</u>	<u>\$ 104,529</u>

ROCK CREEK TOWNSHIP, BARTHOLOMEW 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	\$ 17,726	\$ 28,881	\$ 15,477	\$ 31,130	\$ 41,517	\$ 13,189	\$ 59,458
Township Assistance	25,007	-	150	24,857	-	1,500	23,357
Fire Fighting	27,078	27,265	18,000	36,343	13,865	12,000	38,208
Rainy Day Fund	1,235	-	-	1,235	-	-	1,235
Levy Excess fund	687	-	-	687	-	-	687
Cumulative Fire	<u>32,796</u>	<u>26,398</u>	<u>-</u>	<u>59,194</u>	<u>25,203</u>	<u>-</u>	<u>84,397</u>
Totals	<u>\$ 104,529</u>	<u>\$ 82,544</u>	<u>\$ 33,627</u>	<u>\$ 153,446</u>	<u>\$ 80,585</u>	<u>\$ 26,689</u>	<u>\$ 207,342</u>

ROCK CREEK TOWNSHIP, BARTHOLOMEW 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	\$ 59,458	\$ 49,472	\$ 14,316	\$ 94,614
Township Assistance	23,357	-	1,145	22,212
Fire Fighting	38,208	14,316	15,000	37,524
Rainy Day Fund	1,235	-	-	1,235
Levy Excess fund	687	-	-	687
Cumulative Fire	<u>84,397</u>	<u>24,379</u>	<u>-</u>	<u>108,776</u>
Totals	<u>\$ 207,342</u>	<u>\$ 88,167</u>	<u>\$ 30,461</u>	<u>\$ 265,048</u>