

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

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

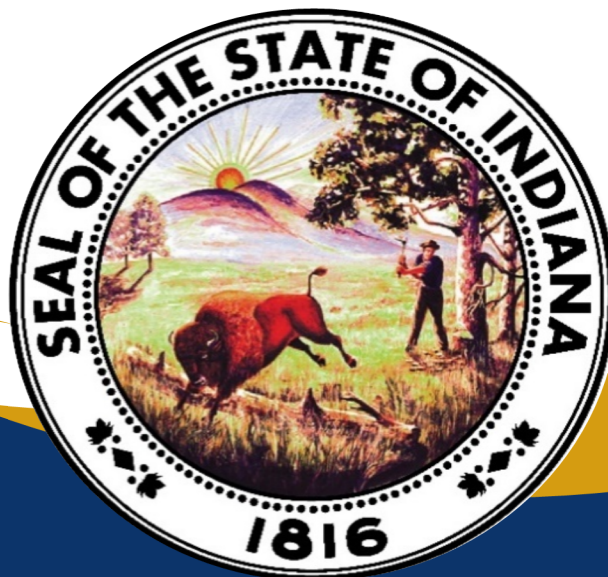
COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

SULLIVAN COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
12/27/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Tony Samm	01-01-20 to 12-31-24
Chair of the Township Board	Janette Street	01-01-20 to 12-31-24



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INDIANA STATE BOARD OF ACCOUNTS

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

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jackson 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 Tony Samm, Trustee, and Janette Street, Chair of the Township Board, on December 10, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

December 6, 2024

JACKSON TOWNSHIP, SULLIVAN COUNTY
COMMENTS

ADVANCE PAYMENTS

Condition and Context

Internal controls were not in place to ensure that Township employees were not paid in advance of hours worked. In 18 of 20 payroll checks tested, employees were paid prior to the end of the month or quarter covered by the payment. Payments were made up to 16 days in advance.

Criteria

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (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. . . ."

SUPPORTING DOCUMENTATION

Condition and Context

Internal controls were not in place to ensure that the Township complied with laws and regulations related to disbursements. Four of twenty Township Assistance claims tested did not have supporting documentation. All of the unsupported disbursements were for funeral expenses paid to funeral homes which is an allowable use of Township Assistance funding.

Criteria

Indiana Code 12-20-20-1 states:

"(a) If a township trustee, as administrator of township assistance, grants township assistance to an indigent individual or to any other person or agency on a township assistance order as provided by law or obligates the township for an item properly payable from township assistance money, the claim against the township must be:

JACKSON TOWNSHIP, SULLIVAN COUNTY
COMMENTS
(Continued)

- (1) itemized and sworn to as provided by law;
- (2) accompanied by the original township assistance order, which must be itemized and signed; and
- (3) checked with the records of the township trustee, as administrator of township assistance, and audited and certified by the township trustee.

(b) The township trustee shall pay claims against the township for township assistance in the same manner that other claims against the township are paid. The township trustee, when authorized to pay claims directly to vendors, shall pay a claim within forty-five (45) days. The township trustee shall pay the claim from:

- (1) any balance standing to the credit of the township against which the claim is filed; or
- (2) from any other available fund from which advancements can be made to the township for that purpose.

(c) township assistance claim for prepaid electric service shall be paid in accordance with [IC 12-20-16-3.5](#)."

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CAPITAL ASSETS

Condition and Context

Internal controls were insufficient to ensure that the Township complied with laws and regulations related to capital assets. The Township kept a detailed listing of capital assets; however, the Township had not adopted a capital asset policy or conducted a physical inventory at least every two years as required. Capital assets reported by the Township totaled \$18,000 in 2020 and \$62,000 in 2021, 2022, and 2023.

JACKSON 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)

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

JACKSON 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 General Fund	\$ 67,456	\$ 43,384	\$ 34,468	\$ 76,372	\$ 68,206	\$ 50,515	\$ 94,063
Township Assistance Fund	106,162	14,440	8,362	112,240	32	9,778	102,494
Firefighting Fund	61,319	24,000	14,000	71,319	25,026	62,000	34,345
Payroll Withholdings Fund	-	5,452	5,452	-	5,542	5,542	-
Totals	<u>\$ 234,937</u>	<u>\$ 87,276</u>	<u>\$ 62,282</u>	<u>\$ 259,931</u>	<u>\$ 98,806</u>	<u>\$ 127,835</u>	<u>\$ 230,902</u>

JACKSON 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 General Fund	\$ 94,063	\$ 58,976	\$ 32,896	\$ 120,143	\$ 70,941	\$ 40,732	\$ 150,352
Township Assistance Fund	102,494	5,766	9,048	99,212	-	8,238	90,974
Firefighting Fund	34,345	25,931	14,000	46,276	26,708	26,491	46,493
Payroll Withholdings Fund	-	3,542	3,542	-	5,806	5,806	-
Totals	<u>\$ 230,902</u>	<u>\$ 94,215</u>	<u>\$ 59,486</u>	<u>\$ 265,631</u>	<u>\$ 103,455</u>	<u>\$ 81,267</u>	<u>\$ 287,819</u>