

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

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

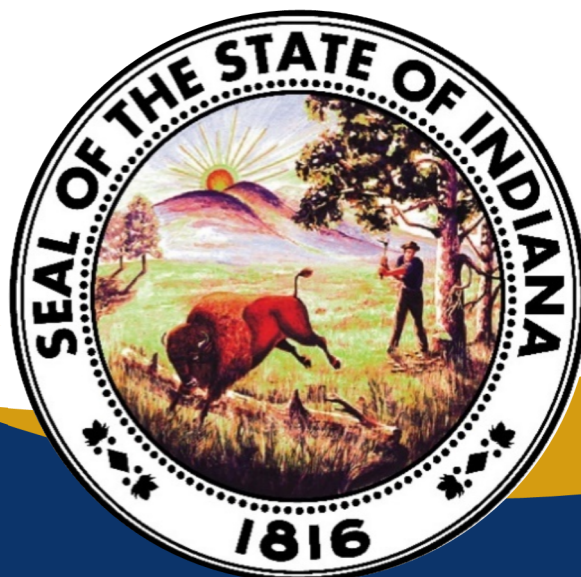
COMPLIANCE ENGAGEMENT REPORT

OF

FLOYD TOWNSHIP

PUTNAM COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

04/08/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Marsha S. Carrington	01-01-20 to 12-31-25
Chair of the Township Board	Patricia A. Lehr	01-01-20 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF FLOYD TOWNSHIP, PUTNAM COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Floyd 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 Marsha S. Carrington, Trustee, and Patricia A. Lehr, Chair of the Township Board, on February 12, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

January 27, 2025

FLOYD TOWNSHIP, PUTNAM COUNTY
COMMENTS

COMPENSATION AND BENEFITS

Condition and Context

Internal controls were not in place to ensure compliance over payroll. In 2022, the Township Board approved via its salary resolution and annual budget \$9,900 in total annual compensation for the Trustee, payable from the Township (General) fund, which was appropriately paid; however, the Trustee also received additional compensation of \$1,350 in gross wages from the Township Assistance fund in 2022 that was not included in the Township's salary resolution or annual budget.

No additional appropriation for the additional Township Assistance compensation was requested by the Township or approved by the Department of Local Government Finance. Adequate supporting documentation to support the additional compensation was not provided by the Trustee or the Township Board members.

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)

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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

Internal controls were not in place to ensure compliance over the reporting of financial information. Financial information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The Township's accounts payable and accounts receivable reported for each year of the engagement period were not supported by detailed, subsidiary records of the Township; therefore, the Indiana State Board of Accounts was unable to determine the accuracy of the information. The amounts reported were as follows:

FLOYD TOWNSHIP, PUTNAM COUNTY
 COMMENTS
 (Continued)

Year	Payables Amount	Receivables Amount
2020	\$ 24,189	\$ 37,832
2021	23,538	51,184
2022	23,263	42,471
2023	25,024	38,338

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](#)."

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CONTRACTS

Condition and Context

Internal controls were not in place to ensure compliance over contractual services expenditures. The Township paid several vendors throughout the engagement period for various contractual services, such as snow removal, cemetery maintenance, cemetery excavating, and cemetery mowing, without established rates or contracts approved by the Township Board.

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)

FLOYD TOWNSHIP, PUTNAM COUNTY
COMMENTS
(Continued)

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MONTHLY AND ANNUAL UPLOADS

Condition and Context

Internal controls were not in place to ensure compliance with State Examiner Directive 2018-1. The files and governmental unit information that are required to be uploaded monthly include bank reconciliations and bank statements. Annual upload requirements include year-end bank and/or investment statements and, beginning in 2023, personnel policies, contracts for mowing services, and support for accounts payable and accounts receivable reported in the Township's Annual Financial Report.

None of the aforementioned monthly and annual files were uploaded during the engagement period.

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)

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)

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:

FLOYD TOWNSHIP, PUTNAM COUNTY
COMMENTS
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TRAVEL POLICY

Condition and Context

Internal controls were not in place to ensure compliance over travel reimbursement expenditures. The Trustee was paid mileage reimbursement throughout the engagement period; however, the Township Board had not authorized an approved mileage reimbursement rate via a formalized travel policy.

Criteria

Each unit must adopt a written travel policy in conformity with applicable laws. Reimbursement for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by law. (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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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

FLOYD TOWNSHIP, PUTNAM 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	\$ 7,179	\$ 37,832	\$ 24,189	\$ 20,822	\$ 51,184	\$ 23,539	\$ 48,467
Township Assistance	6,276	8,764	1,872	13,168	3,222	2,053	14,337
Rainy Day	<u>22,368</u>	<u>-</u>	<u>-</u>	<u>22,368</u>	<u>300</u>	<u>-</u>	<u>22,668</u>
Totals	<u>\$ 35,823</u>	<u>\$ 46,596</u>	<u>\$ 26,061</u>	<u>\$ 56,358</u>	<u>\$ 54,706</u>	<u>\$ 25,592</u>	<u>\$ 85,472</u>

FLOYD TOWNSHIP, PUTNAM 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	\$ 48,467	\$ 42,471	\$ 23,263	\$ 67,675	\$ 29,612	\$ 23,359	\$ 73,928
Township Assistance	14,337	-	4,337	10,000	8,385	1,664	16,721
Rainy Day	<u>22,668</u>	<u>345</u>	<u>-</u>	<u>23,013</u>	<u>340</u>	<u>-</u>	<u>23,353</u>
Totals	<u>\$ 85,472</u>	<u>\$ 42,816</u>	<u>\$ 27,600</u>	<u>\$ 100,688</u>	<u>\$ 38,337</u>	<u>\$ 25,023</u>	<u>\$ 114,002</u>