

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

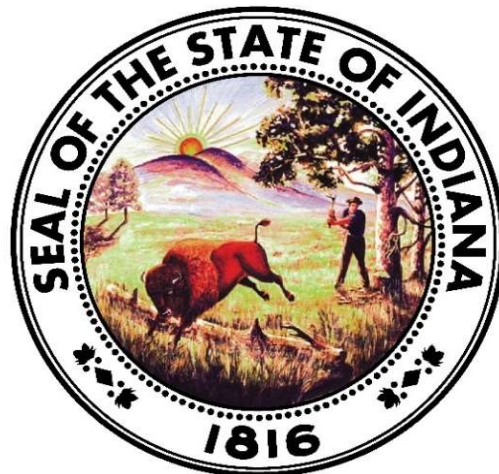
COMPLIANCE ENGAGEMENT REPORT

OF

JACKSON TOWNSHIP

BARTHOLOMEW COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

07/22/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sue Anne Lee Heilers Camden Jeffries	01-01-20 to 08-31-22 09-01-22 to 12-31-24
Chair of the Township Board	Joe Hoene	01-01-20 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, BARTHOLOMEW 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 Camden Jeffries, Trustee; Joe Hoene, Chair of the Township Board; Luke Otte, Secretary; Dennis E. VonDielingen, Township Board member; Sue Anne Lee Heilers, former Trustee; and Sandy Beatty, Bookkeeper, on July 10, 2024.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 18, 2024

JACKSON TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS

INTERNAL CONTROLS

Condition and Context

Internal controls were not in place to ensure that the Township complied with laws and regulations. Internal control deficiencies resulted in noncompliance over the following areas and are detailed further in the comments below:

- Bank Account Reconciliations
- Township Assistance Standards
- Disbursement Supporting Documentation
- Advance Payments - Compensation
- Compensation and Benefits
- Contracting Policy
- Contracting Disclosure

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. . . ."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

The Township did not complete monthly bank reconciliations during the year 2020.

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."

JACKSON TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

TOWNSHIP ASSISTANCE STANDARDS

Condition and Context

No Township Assistance Standards were presented for examination for the years 2020 to 2023.

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 subsection (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](#)."

DISBURSEMENT SUPPORTING DOCUMENTATION

Condition and Context

A review of Township assistance disbursements and general government disbursements of the Township identified the following errors:

- Two Township assistance disbursements in the amounts of \$375 and \$1,044 were paid for heating assistance without invoices to support the disbursements.
- A Township assistance application was not completed for one of the disbursements for electricity in the amount of \$436 nor was there evidence an investigation had been performed.

JACKSON TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

- Township Assistance Form TA-1A "Notice of Township Assistance Action" was not presented for examination for any of the eight Township assistance disbursements reviewed.
- There were 5 of the 20 general government disbursements reviewed, totaling \$1,323, that did not have invoices to support the disbursements made.

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 a 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)

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.

The claim, with the original township assistance order or orders attached, shall then be filed for payment. All townships are required to pay township assistance. Such claim or claims shall be carefully reviewed and approved by the trustee as the administrator of township assistance. 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. IC 12-20-20-1

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

JACKSON TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

ADVANCE PAYMENTS - COMPENSATION

Condition and Context

The Township paid the 2023 salaries to its Township Board in October 2023, which was two months in advance.

Criteria

Indiana Code 5-7-3-1(a) states: "Public officers may not draw or receive their salaries in advance."

COMPENSATION AND BENEFITS

Condition and Context

The Township did not have approved salary ordinances for the years 2020, 2021, 2022, and 2023.

Criteria

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the township. . . ."

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)

CONTRACTING POLICY

Condition and Context

The Township did not present a contracting policy for review during the engagement period.

Criteria

Indiana Code 36-1-21-4 states:

"(a) This chapter establishes minimum requirements regarding contracting with a unit. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. However, the policy may:

- (1) include requirements that are more stringent or detailed than any provision in this chapter; and
- (2) apply to individuals who are exempted or excluded from the application of this chapter.

The unit may prohibit or restrict an individual from entering into a contract with the unit that is not otherwise prohibited or restricted by this chapter.

JACKSON TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

(b) The annual report filed by a unit with the state board of accounts under [IC 5-11-13-1](#) must include a statement by the executive of the unit stating whether the unit has implemented a policy under this chapter."

Each Township Board shall adopt a Contracting policy that includes, at a minimum, the requirements set forth in IC 36-1-21. The policy may include requirements that are more stringent or detailed. These policies should be retained locally. There is no requirement to adopt a policy annually. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 11)

CONTRACTING DISCLOSURE

Condition and Context

The Township entered into a contract with the Trustee's father for mowing of the cemetery for the year 2023. The Township Board reviewed and approved the contract in a public Township Board meeting. However, the Township did not meet all the disclosure requirements required by Indiana Code 36-1-21-5. A disclosure was not filed with the Indiana State Board of Accounts or the Clerk of the Circuit Court. A certification that the contract amount was the lowest amount or price bid offered was not made. The Township erroneously filed the nepotism disclosure.

Criteria

Indiana Code 36-1-21-5 states:

"(a) A unit may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with:

- (1) an individual who is a relative of an elected official; or
- (2) a business entity that is wholly or partially owned by a relative of an elected official; only if the requirements of this section are satisfied and the elected official does not violate [IC 35-44.1-1-4](#).

(b) A unit may enter into a contract or renew a contract with an individual or business entity described in subsection (a) if:

- (1) the elected official files with the unit a full disclosure, which must:
 - (A) be in writing;
 - (B) describe the contract or purchase to be made by the unit;
 - (C) describe the relationship that the elected official has to the individual or business entity that contracts or purchases;
 - (D) be affirmed under penalty of perjury;
 - (E) be submitted to the legislative body of the unit and be accepted by the legislative body in a public meeting of the unit prior to final action on the contract or purchase;
- and

JACKSON TOWNSHIP, BARTHOLOMEW COUNTY
COMMENTS
(Continued)

(F) be filed, not later than fifteen (15) days after final action on the contract or purchase, with:

(i) the state board of accounts; and

(ii) the clerk of the circuit court in the county where the unit takes final action on the contract or purchase;

(2) the appropriate agency of the unit:

(A) makes a certified statement that the contract amount or purchase price was the lowest amount or price bid or offered; or

(B) makes a certified statement of the reasons why the vendor or contractor was selected; and

(3) the unit satisfies any other requirements under [IC 5-22](#) or [IC 36-1-12](#).

(c) An elected official shall also comply with the disclosure provisions of [IC 35-44.1-1-4](#), if applicable.

(d) This section does not affect the initial term of a contract in existence at the time the term of office of the elected official of the unit begins."

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

JACKSON TOWNSHIP, BARTHOLOMEW 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	\$ 33,988	\$ 21,879	\$ 12,246	\$ 43,621	\$ 25,905	\$ 11,787	\$ 57,739
Township Assistance Fund	397	9,728	535	9,590	6,358	2,259	13,689
Firefighting Fund	3,271	-	8,500	(5,229)	-	-	(5,229)
Rainy Day Fund	1,266	-	-	1,266	-	-	1,266
Cumulative Fire Fund	27,908	-	17,923	9,985	15	-	10,000
Payroll Withholdings Fund	-	-	-	-	115	-	115
Totals	\$ 66,830	\$ 31,607	\$ 39,204	\$ 59,233	\$ 32,393	\$ 14,046	\$ 77,580

JACKSON TOWNSHIP, BARTHOLOMEW 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	\$ 58,081	\$ 52,306	\$ 12,799	\$ 97,588	\$ 59,566	\$ 12,212	\$ 144,942
Township Assistance Fund	13,688	894	4,990	9,592	4,031	5,000	8,623
Firefighting Fund	(5,229)	25	-	(5,204)	5,204	-	-
Rainy Day Fund	1,266	-	-	1,266	-	-	1,266
Cumulative Fire Fund	10,000	16	-	10,016	-	10,016	-
Payroll Withholdings Fund	115	575	-	690	398	689	399
Totals	<u>\$ 77,921</u>	<u>\$ 53,816</u>	<u>\$ 17,789</u>	<u>\$ 113,948</u>	<u>\$ 69,199</u>	<u>\$ 27,917</u>	<u>\$ 155,230</u>