

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WAYNE TOWNSHIP

MARION COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

09/11/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Jeb Bardon	01-01-23 to 12-31-24
Judge	The Honorable Gerald Coleman	01-01-23 to 12-31-24
Chair of the Township Board	Bryan Chatfield	01-01-23 to 12-31-24
Fire Chief	Marcus Reed	01-01-23 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF WAYNE TOWNSHIP, MARION COUNTY, INDIANA

This report is supplemental to the audit report of Wayne Township (Township), for the period from January 1, 2023 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with the Financial Statement Audit Report of the Township, which provides our opinions on the Township's financial statement. This report may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 20, 2024

WAYNE TOWNSHIP, MARION COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER ANNUAL FINANCIAL REPORT

Condition and Context

Financial, supplemental, grant, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Township had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

Grants

- The Federal Assistance for the Medicaid Cluster in the amount of \$1,033,880 was omitted from the Schedule of Expenditures of Federal Awards (SEFA).
- The Federal Assistance for the National Urban Search and Rescue (US&R) Response system was not separately disclosed on the SEFA. The financial activity in the amount of \$138,051 was incorrectly combined and reported with the financial activity for the Staffing for Adequate Fire and Emergency Response (SAFER) grant.

Adjustments were proposed, accepted by the Township, and made to the SEFA reported in the Federal Compliance Audit Report for the Township.

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](#)."

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. . . ."

WAYNE TOWNSHIP, MARION COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSETS

The same comment also appeared in prior Reports B60533 and 000000168S.

Condition and Context

Internal controls over the accounting for capital assets were insufficient to ensure compliance with capital asset compliance requirements.

The Township did not have a complete detailed listing of all capital assets owned which reflects their acquisition value. The Township provided a detailed listing that included an extensive list of assets classified as machinery and equipment that properly included acquisition value. The capital asset listing also included buildings, but the acquisition values for the buildings was not included. Additionally, the grand total amount of the machinery and equipment values did not match the amounts reported in the Indiana Gateway for Government Units financial reporting system.

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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FUND SOURCES AND USES

Condition and Context

Internal controls over the posting of property tax distributions were insufficient to ensure distributions were posted to the proper funds.

WAYNE TOWNSHIP, MARION COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The June 2023 County property tax distribution was not correctly posted. Monies allotted for the Fire Fighting Fund in the amount of \$488,977 were deposited in the Township Fund and the Poor Relief Fund in the amounts of \$204,374 and \$284,603, respectively.

Criteria

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (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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WAYNE TOWNSHIP of Marion County

Trustee's Office | Jeb Bardon, Trustee

5401 West Washington Street

Indianapolis, IN 46241

Phone: 317-241-4191 | Fax: 317-248-8527

www.WayneTwp.org

Response to Audit Results and Comments

August 23, 2024

I wish to thank the field examiners and staff of the State Board of Accounts for their continued assistance in improving the internal controls and accounting processes of Wayne Township. The annual audit is a key oversight component of improving transparency and accountability that we owe to the citizens of Wayne Township.

Our response to specific comments are as follows:

Internal Control Over Annual Financial Report (AFR)

The control weakness identified was assuring that all Federal grants are listed on the Federal schedule in the AFR. In order to assure completeness of all grants, our accounting service and internal accounting staff will work with the Fire Department to assure that all grants are included in the report. This will include the Fire Department maintaining a log of all grants and when reimbursements are requested and made. Accounting staff will match up deposits from Federal sources with this log to assure that all Federal grants are accounted for as Federal funds and are included on the Federal schedule in the AFR. Documentation of the review will be provided to the Trustee prior to final submission of the AFR in Gateway.

Control over Capital Assets

The Township has been working on the implementation of a new Capital Asset software system for some time. The main issue identified for the Fire Department is having original cost data for all capital assets. We will work to identify reasonable estimates of original cost where actual documentation is not available to enter in the system. The Township office will also work to complete its capital asset listing with original cost where possible and reasonable estimates of cost where original documents cannot be located.

Funds Sources and Uses

The Township erred in the recording of one property tax distribution. We will institute a process to assure that the Form 22 is reviewed by both accounting personnel and our accounting service to assure that receipts are posted to the correct funds.

Jeb Bardon | He/Him/Dad
Wayne Township Trustee

Bryan Chatfield • Ramona Ward • Doris Minton-McNeill • Charlotte Scott • Gary Woodruff
Chair Vice Chair Secretary Member Member

WAYNE TOWNSHIP, MARION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 20, 2024, with Jeb Bardon, Trustee; Bryan Chatfield, Chair of the Township Board; Ramona Ward, Vice Chair of the Township Board; Sally Prunty, Accounting Specialist; Mike Claytor, Township Attorney; and Beth Marsh, Consultant.