

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BOONE TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2013 to December 31, 2016



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Russell Franzman	01-01-11 to 12-31-18
Chairman of the Township Board	Jeff Patz	01-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BOONE TOWNSHIP, PORTER COUNTY, INDIANA

This report is supplemental to our examination report of Boone Township (Township), for the period from January 1, 2013 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Examination Report of the Township, which provides our opinion on the Township's financial statements. 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 Examination Result and Comment contained herein describes the identified reportable instance 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 Examination Result and Comment, incorporated within this report, was not verified for accuracy.

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

August 8, 2017

BOONE TOWNSHIP, PORTER COUNTY
EXAMINATION RESULT AND COMMENT

INTERNAL CONTROLS

Segregation of Duties

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The Township had not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could have enabled material misstatements to be undetected.

The Trustee prepared the financial statements; however, there was no evidence of an oversight, review, or approval process to ensure the financial statements were accurate.

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. . . ."

BOONE TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2017, with Russell Franzman, Trustee, and Jeff Patz, Chairman of the Township Board.