

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HUNTINGTON TOWNSHIP

HUNTINGTON COUNTY, INDIANA

January 1, 2013 to December 31, 2017



FILED
06/07/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Timothy S. Guy	01-01-11 to 12-31-18
Chairman of the Township Board	Terry L. Miller	01-01-13 to 12-31-13
	Andy R. Zay	01-01-14 to 12-31-14
	Terry L. Miller	01-01-15 to 12-31-15
	Andy R. Zay	01-01-16 to 12-31-16
	John Baker	01-01-17 to 12-31-17
	Tammy Kline	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF HUNTINGTON TOWNSHIP, HUNTINGTON COUNTY, INDIANA

This report is supplemental to our audit report of Huntington Township (Township), Huntington County, for the period from January 1, 2013 to December 31, 2017. 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 our Financial Statements Audit 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 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 Results and Comments, incorporated within this report, was not verified for accuracy.

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

May 1, 2018

HUNTINGTON TOWNSHIP, HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Rainy Day	2014	\$ 193,437
Fire Fighting	2015	17,476
Fire Equipment Debt	2016	86
Fire Equipment Debt	2017	419

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

RAINY DAY ACTIVITY

Numerous purchases were made throughout the audit period with Rainy Day funds without a resolution creating the fund specifying the sources of funding and purposes of the fund.

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)

Indiana Code 36-1-8-5.1(b) states in part:

"An ordinance or resolution adopted under this section must specify the following:

- (1) The purposes of the rainy day fund.
- (2) The sources of funding for the rainy day fund, which may include the following: . . . "

HUNTINGTON TOWNSHIP, HUNTINGTON COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

INTERNAL CONTROLS

There were several deficiencies in the internal control system of the Township related to financial transactions and reporting.

The Township had not separated incompatible activities related to all areas of the financial statements.

The Township adopted an internal control policy, but no documentable controls could be verified throughout the course of the audit. The Township Clerk performed the bank reconciliations, collected monies, posted and deposited receipts, and wrote checks and posted checks (disbursements) to the financial ledger with no documentable review or oversight. The Clerk also prepared and submitted the financial information into the Indiana Gateway for Government Units (Gateway). The Gateway was the collection platform for local units of government to submit required data to the State of Indiana. All Townships were required to submit their Annual Financial Report via the Gateway. The Township; however, did not have effective controls to verify the accuracy of the financial information prior to submission.

The failure to establish these controls could have enabled material misstatements to go undetected.

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. . . ."

HUNTINGTON TOWNSHIP, HUNTINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 1, 2018, with Timothy S. Guy, Trustee, and John L. Baker, Township Board member.