

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WARREN 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	Kathy E. Morton	01-01-11 to 12-31-18
Chairman of the Township Board	Jack G. Sell	01-01-13 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Warren Township (Township), 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/](http://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.

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

April 23, 2017

WARREN TOWNSHIP, HUNTINGTON COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

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

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 Trustee performed the bank reconciliations, collected monies, posted and deposited receipts, wrote checks, and posted checks (disbursements) to the financial ledger with no documentable review or oversight.

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. . . ."

**ANNUAL FINANCIAL REPORT**

The Schedule of Payables and Receivables (Schedule) presented in the Annual Financial Report was not accurate and did not have supporting documentation for verification. The Schedule will not be included in the Financial Statements Audit Report of the Township.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. 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."

WARREN TOWNSHIP, HUNTINGTON COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 23, 2018, with Kathy E. Morton, Trustee, and Jack G. Sell, Chairman of the Township Board.