

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
HANNA TOWNSHIP
LAPORTE COUNTY, INDIANA
January 1, 2014 to December 31, 2017



FILED
07/25/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Audit Results and Comments:	
Internal Controls	4
Certification of Internal Control Standards	4
Exit Conference.....	5

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Glenn Wallace	01-01-11 to 12-31-18
Chairman of the Township Board	Brian Garner	01-01-14 to 12-31-14
	Tony Wallace	01-01-15 to 12-31-15
	Brian Garner	01-01-16 to 12-31-16
	Dave Urschel	01-01-17 to 12-31-17
	Tony Wallace	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HANNA TOWNSHIP, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of Hanna Township (Township), LaPorte County, for the period from January 1, 2014 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 opinions 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 Adult Results and Comments, incorporated within this report, was not verified for accuracy.

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

June 19, 2018

HANNA TOWNSHIP, LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The Township did not separate incompatible activities related to processing, recording, and reporting financial transactions. The Trustee was the sole person responsible for all financial processes. There were no controls in place to monitor, review, or determine the accuracy of the financial transactions and financial statements. The failure to establish these controls enabled misstatements to remain undetected during the audit period.

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. . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The electronic submission of the Township's 2016 and 2017 Annual Financial Reports included certifications that the Township had adopted the minimum internal control standards and that Township personnel had received the required minimum internal control standards training when neither of these had actually happened.

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under IC 5-14-3.8-7."

HANNA TOWNSHIP, LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2018, with Glenn Wallace, Trustee.