

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NOBLE TOWNSHIP

NOBLE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



**FILED**  
08/09/2018



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SCHEDULE OF OFFICIALS

| <u>Office</u>                     | <u>Official</u>                                 | <u>Term</u>  |
|-----------------------------------|---|--|
| Trustee                           | Scott D. Zeigler                                | 12-01-13 to 12-31-18   |
| Chairman of the<br>Township Board | Roger D. Owen<br>Justin L. Ross<br>Robb H. Owen | 01-01-14 to 12-31-14<br>01-01-15 to 12-31-17<br>01-01-18 to 12-31-18 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Noble Township (Township), 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/](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

June 6, 2018

NOBLE TOWNSHIP, NOBLE COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROL DEFICIENCIES**

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

The Township did not adopt a formal internal control policy and there was no evidence of internal controls throughout the course of the audit in regards to financial transactions. There were no controls evident such as oversight, review, or approval process of the bank reconcilements, receipts or disbursements.

The failure to establish and implement these controls could enable 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. . . ."

**ADOPTION AND TRAINING ON INTERNAL CONTROL STANDARDS**

The Township Board did not ensure that after June 30, 2016, the minimum level of internal controls standards had been adopted and the required personnel had received training on these standards. Each political subdivision must adopt these standards, train appropriate personnel, and implement policies and procedures consistent with the standards.

Indiana 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The certification provided by the Township fiscal officer with the Indiana Gateway for Government Units Annual Financial Report was not accurate. The Trustee incorrectly certified that the minimum level of internal control standards and procedures had been adopted by the Township Board and that the required personnel had received the training on the minimum internal control standards and procedures. There were no internal control standards adopted by Noble Township and the required personnel had not completed the training.

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."

**COMPENSATION PAID IN ADVANCE**

The Trustee and the Township Clerk were paid wages in advance of the actual date that services were provided during 2014, 2015, 2016, and 2017.

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ADVANCE PAYMENTS**

Two payments were made to Hoosier Fire Equipment totaling \$21,123, based on quotations and prior to receipt of the equipment. Upon inquiry with the Trustee, it was discovered that these were prepayments for equipment to get a discount.

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**DISBURSEMENTS**

The following were noted during the audit of the disbursements:

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

1. Seventeen percent of disbursements tested did not have documentation to support the payment. Some vendors include Bobcat of Fort Wayne, ACE Hardware, and Stumps Lawncare.
2. Sales tax was paid on two invoices totaling \$32.51.
3. Two percent of the disbursements tested had hand written invoices that were paid to individuals.
4. The Township made payments each year to Noble Township 4-H and Wolf Lake Booster Club without documentation provided to support the payment.

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

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***FAILURE TO ENTER INTO CONTRACT***

Payments made for Park Building Management in 2014, 2015, 2016, and 2017 were not supported by a written contract. Payments made in 2014, 2015, 2016, and 2017 were \$600, \$750, \$700, and \$900, respectively.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS***

The Township did not issue Internal Revenue Service Form 1099-Misc for each person that the Township paid, in the course of business, during the year: This includes payments made for management of the park building in 2014, 2015, 2016, and 2017.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

***DEPOSITS***

On two occasions, deposits were made after the first and fifteenth day of the month. One deposit was made 61 days late.

Indiana Code 5-13-6-1(c) states in part: ". . . The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month. . . ."

NOBLE TOWNSHIP, NOBLE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 6, 2018, with Scott D. Zeigler, Trustee, and Robb H. Owen, Chairman of the Township Board.