

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PLEASANT TOWNSHIP

LAPORTE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



**FILED**  
09/06/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Susan Cable	01-01-11 to 12-31-18
Chairman of the Township Board	Edward Burek	01-01-14 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of Pleasant 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 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 Result 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

August 17, 2018

PLEASANT TOWNSHIP, LAPORTE COUNTY  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

*Deficiency in Internal Controls - Segregation of Duties*

The Township had not established an adequate internal control structure related to financial transactions and reporting. The Township has 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 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 OF INTERNAL CONTROL STANDARDS**

The Township has not adopted the acceptable minimum level of internal control standards as required by Indiana Code 5-11-1-27(g).

Indiana Code 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."

PLEASANT TOWNSHIP, LAPORTE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***TRAINING ON INTERNAL CONTROL STANDARDS***

Township personnel were not trained on internal control standards that had been adopted by the Township.

Indiana Code 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."

***CERTIFICATION OF INTERNAL CONTROL STANDARDS***

The Township certified on Indiana Gateway for Government Units that they had adopted minimum internal control standards, and that they had trained on those internal control standards. However, during the audit it was determined that the Township had not adopted the minimum control standards and that all personnel had not received training concerning the internal controls standards.

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."

PLEASANT TOWNSHIP, LAPORTE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 17, 2018, with Susan Cable, Trustee; Susan McLain, Township Board member; and Bette Conroy, Township Board member.