

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTER TOWNSHIP

VANDERBURGH COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
10/17/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Gary Burdsall	01-01-14 to 12-31-18
Chairman of the Township Board	Dennis Isaac	01-01-14 to 12-31-14
	Tom Gant	01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CENTER TOWNSHIP, VANDERBURGH COUNTY, INDIANA

This report is supplemental to our audit report of Center 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/.

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 Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

September 13, 2018

CENTER TOWNSHIP, VANDERBURGH COUNTY
AUDIT RESULT AND COMMENT

SEGREGATION OF DUTIES

There were deficiencies in the internal control system for the Township related to financial transactions. The Township had not separated incompatible activities related to receipts.

Effective controls had not been developed over the receipting process. While the chief deputy prepares the receipts, there was no indication of a review process done by the Township to verify the receipts were accurate or properly recorded in the ledger.

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. . . ."

GARY BURDSALL, Trustee

CENTER TOWNSHIP, VANDERBURGH COUNTY

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09/20/2018

To whom it may concern,

Presently, the financial transactions are handled by the Trustee, Chief Deputy and Treasurer of the Board. The receipts and invoices are first reviewed by the Trustee then given to the Chief Deputy to be receipted or paid. Upon completion, the Trustee reviews them again and the Treasurer of the Board will review all transactions and all three sign off on the monthly bank reconciliation.

During the exit conference of our audit, SBOA suggested that we take it a step further and have the Trustee sign all receipts and invoices once they are paid and/or receipted. We want to make sure we are in compliance with all suggested SBOA internal controls. We have implemented the extra signature of the Trustee to all invoices and receipts.

Sincerely,

Gary Burdsall, Center Township Trustee

CENTER TOWNSHIP, VANDERBURGH COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2018, with Gary Burdsall, Trustee; James F. Tolen, Treasurer of the Township Board; and Anna Dillon, Chief Deputy.