

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HARRISON TOWNSHIP

HOWARD COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
12/27/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Joyce Ancil	01-01-11 to 12-31-18
Chairman of the Township Board	Kent Weaver	01-01-14 to 12-31-15
	Sacha Teague	01-01-16 to 12-31-16
	Jason Lemons	01-01-17 to 12-31-17
	Kent Weaver	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HARRISON TOWNSHIP, HOWARD COUNTY, INDIANA

This report is supplemental to our audit report of Harrison 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 and federal program compliance. 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

November 12, 2018

HARRISON TOWNSHIP, HOWARD COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We identified deficiencies in the internal control system of the Township related to financial transactions and reporting. The Township has not separated incompatible activities related to cash and investments, receipts, vendor disbursements, payroll disbursements, and financial reporting and closing.

The Township adopted an internal control policy, but no documentable controls could be verified throughout the course of the audit. The Township Clerk performed the bank reconciliations, collected monies, posted and deposited receipts, and wrote checks and posted checks (disbursements) to the financial ledger with no documentable review or oversight. The Township Clerk also entered the information into the Indiana Gateway for Government Units financial reporting system without an oversight, review, or approval process to ensure the accuracy of the information submitted.

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. . . ."

HARRISON TOWNSHIP, HOWARD COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 12, 2018, with Joyce Ancil, Trustee; Kent Weaver, Chairman of the Township Board; and Sue Payne, Township Clerk.