

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

LIBERTY TOWNSHIP

WHITE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



**FILED**  
01/26/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Walter E. Hough Wynemac Woodcock	01-01-14 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Steven Carter	01-01-14 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, WHITE COUNTY, INDIANA

This report is supplemental to our audit report of Liberty 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 Results and comments, incorporated within this report, was not verified for accuracy.

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

December 14, 2018

LIBERTY TOWNSHIP, WHITE COUNTY  
AUDIT RESULTS AND COMMENTS

**TOWNSHIP BOARD MINUTES**

The Township Board minutes for 2014 were not presented for audit.

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chairman of the legislative body shall retain the record in his custody."

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

**INTERNAL CONTROL POLICY AND TRAINING**

The Township adopted an internal control policy on May 9, 2016. The policy was not presented for audit to determine if it was an acceptable minimum level of internal control standards.

The Township did not provide documentation that personnel received the training over the internal control standards that were adopted.

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."

LIBERTY TOWNSHIP, WHITE COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**INTERNAL CONTROL OVER FINANCIAL TRANSACTIONS AND REPORTING**

There were deficiencies in the internal control system of the Township related to financial transactions and reporting. The Town had not implemented adequate segregation of duties as it had not separated incompatible activities related to cash and investments, receipts, vendor disbursements, and payroll disbursements.

*Cash and Investments*

The Township did not have controls in place to ensure the accuracy of the bank reconciliements. Only one individual prepared the bank reconciliements without oversight or review.

*Receipts*

The Township did not have controls in place to ensure the accuracy of the receipts. One individual recorded the receipts into the ledger, prepared the deposit tickets, and took the deposits to the bank without oversight or review.

*Disbursements (Vendor and Payroll)*

The Township did not have proper documented controls in place to ensure the accuracy of the disbursements. One individual created the check and a different individual initialed the check; however, the checks were not compared to the supporting documentation to ensure that the check agreed to the corresponding supporting documentation.

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. . . ."

LIBERTY TOWNSHIP, WHITE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2018, with Wynemac Woodcock, Trustee, and Steven Carter, Chairman of the Township Board.