

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ADAMS TOWNSHIP

PARKE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
02/07/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sharon Malone	01-01-11 to 12-31-18
Chairman of the Township Board	Carolyn Weatherman	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

TO: THE OFFICIALS OF ADAMS TOWNSHIP, PARKE COUNTY, INDIANA

This report is supplemental to our audit report of Adams 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 statement. 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

December 18, 2018

ADAMS TOWNSHIP, PARKE COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS

There were deficiencies in the internal control system of the Township as they had not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to be undetected.

Cash and Investments

The Trustee prepared the bank account reconciliations without a documented oversight or review. The Trustee also entered financial statement information into the Indiana Gateway for Government Units (Gateway) financial reporting system, approved the Gateway Annual Report, and approved the prepared financial statements, without a documented review or oversight.

Receipts

The Trustee collected funds, made deposits, and recorded the receipts in the ledger without a documented review or oversight.

Vendor Disbursements

The Trustee prepared the checks, approved purchases, distributed the checks, and recorded the checks without any oversight or review.

Payroll

The Trustee prepared the payroll claims, calculated deductions and net pay, prepared and distributed the payroll checks, and approved adjustments for the Township without a documented review or oversight.

Financial Reporting

The software vendor uploaded the financial information into Gateway without a documented review of the process.

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. . . ."

ADAMS TOWNSHIP, PARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2018, with Sharon Malone, Trustee, and Carolyn Weatherman, Chairman of the Township Board.