

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTER TOWNSHIP

BENTON COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
02/08/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Angela Brunton	01-01-14 to 12-31-18
Chairman of the Township Board	Judy Bellar	01-01-14 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CENTER TOWNSHIP, BENTON 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 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

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

December 19, 2018

CENTER TOWNSHIP, BENTON TOWNSHIP
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS

There were deficiencies in the internal control system of the Township related to financial transactions and reporting. The Township had not implemented adequate segregation of duties for activities related to cash and investments, receipts, and disbursements.

Cash and Investments

The Township did not have proper documented controls to ensure the accuracy of the bank reconciliations. One individual prepared the bank reconciliations and they were reviewed by the consultant; however, there was no evidence of the 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 checks and recorded the checks and they were reviewed by the consultant; however, there was no evidence of the review.

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. . . ."

SUPPORTING DOCUMENTATION

The Township did not maintain adequate supporting documentation related to vendor disbursements for 2014. Due to lack of supporting documentation, the amount related to the financial statement could not be verified.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CENTER TOWNSHIP, BENTON TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on December 19, 2018, with Angela Brunton, Trustee, and Judy Bellar, Chairman of the Township Board.