

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

COMPLIANCE REPORT

OF

JACKSON TOWNSHIP

HANCOCK COUNTY, INDIANA

January 1, 2015 to December 31, 2018



**FILED**  
12/10/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Robert McDaniel	01-01-15 to 12-31-18
	Matthew Heath	01-01-19 to 12-31-22
Chairman of the Township Board	Robert Engleking	01-01-15 to 12-31-18
	Keith Wilson	01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JACKSON TOWNSHIP, HANCOCK COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Jackson Township (Township), Hancock County, for the period of January 1, 2015 to December 31, 2018, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The 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.

The Schedule of Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, is presented as other information. It has not been subjected to any auditing procedures and, accordingly, we do not express an opinion or provide any assurance on it.

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

November 25, 2019

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#### OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units (Gateway) website: <https://gateway.ifionline.org/>. The schedule presented herein is presented as other information and is derived from the Township's Annual Financial Reports information and has not been subjected to any audit procedures. No adjustments have been made to the information as reported in Gateway and, as such, balances may differ.

JACKSON TOWNSHIP, HANCOCK COUNTY  
 SCHEDULE OF CASH AND INVESTMENT  
 BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

Fund	Cash and Investments 12-31-18
Township	\$ 239,364
Township Assistance	23,900
Fire Fighting	103,987
Rainy Day	20,562
Levy Excess	491
Cumulative Fire	<u>78,568</u>
Totals	<u>\$ 466,872</u>

JACKSON TOWNSHIP, HANCOCK COUNTY  
RESULTS AND COMMENTS

**PAYROLL DEDUCTIONS**

A similar comment appeared in prior Reports B40529 and B46103.

*Condition and Context*

Employees of the Township were paid without the Township withholding Medicare, social security, and local taxes for 2015, 2016, 2017, and 2018. A Form 1099 was issued each year to the Trustee.

*Criteria*

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**COMPENSATION AND BENEFITS**

*Condition and Context*

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

*Criteria*

Indiana Code 36-6-6-10(b) states:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances; of all officers and employees of the township."

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

JACKSON TOWNSHIP, HANCOCK COUNTY  
RESULTS AND COMMENTS  
(Continued)

**ANNUAL FINANCIAL REPORT - NEPOTISM IN EMPLOYMENT AND CONTRACTING POLICIES**

*Condition and Context*

The Township did not present an approved Nepotism in Employment Policy or Nepotism in Contracting Policy with its Annual Financial Report. Additionally, the Township did not provide either policy upon request, and, as a result, it could not be determined if the Township adopted policies that were adequate and appropriate.

*Criteria*

Indiana Code 36-1-20.2-9(b) and 36-1-21-4(b) state: "The annual report filed by a unit with the state board of accounts under [IC 5-11-13-1](#) must include a statement by the executive of the unit stating whether the unit has implemented a policy under this chapter."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Effective July 1, 2012, all units are required to have a 'Nepotism' policy. This policy must discuss the employment of relatives. This statute provides requirements, but the unit can adopt more stringent requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Effective July 1, 2012, all units are required to have a 'Contracting with a Unit' policy. This policy must discuss a unit contracting with the relative of an elected official. This statute provides requirements, but the unit can adopt more stringent requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ADOPTION OF INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"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. . . ."

JACKSON TOWNSHIP, HANCOCK COUNTY  
RESULTS AND COMMENTS  
(Continued)

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Township certified on the Indiana Gateway for Government Units (Gateway) financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Trustee did not provide documentation that the Township had adopted the minimum internal control standards.

The Township certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Trustee did not provide documentation that all personnel had received training concerning the internal control standards

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

JACKSON TOWNSHIP, HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on November 25, 2019, with Matthew Heath, Trustee.