

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

COMPLIANCE REPORT

OF

HENSLEY TOWNSHIP

JOHNSON COUNTY, INDIANA

January 1, 2015 to December 31, 2018



FILED
12/11/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Beth A. Baird	01-01-15 to 12-31-22
Chairman of the Township Board	Dennis Brownfield Mary Wilkerson	01-01-15 to 12-31-18 01-01-19 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF HENSLEY TOWNSHIP, JOHNSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Hensley Township (Township), Johnson 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.

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

Fund	Cash and Investments 12-31-18
Township	\$ 76,630
Township Assistance	35,422
Rainy Day	<u>19,315</u>
Total	<u>\$ 131,367</u>

HENSLEY TOWNSHIP, JOHNSON COUNTY
RESULTS AND COMMENTS

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; . . ."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Township certified on Gateway 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 indicated that the Township had not adopted the minimum 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](#)."

OFFICIAL RESPONSE

November 26, 2019

This official response is in regards to the adoption of the Internal Control Standards adoption referenced in the State Board of Accounts report dated November 25, 2019.

Please note that, in the Materiality Threshold, adopted February 9, 2016, both Hensley Township funds and property are referenced as well as electing an Oversight Committee. The members of this Oversight Committee have since been receiving/reviewing all quarterly Bank Reconciliations as well as all Bank Statements for the account. In our meeting minutes for January 5, 2016, it was motioned, seconded, and carried to elect an Oversight Committee and appoint Bill Meredith and Mary Wilkerson as members of that committee. From this adoption forward, the Trustee and Board Members have been following guidelines the Trustee assumed were being referenced as "Internal Controls" when attesting to the adoption regarding Indiana 5-11-1-27 on Gateway.

I apologize for my thinking that there was no difference in the Materiality documents and the Internal Controls Policy document and had no intention of being dishonest regarding the minimum Internal Controls Standards when reporting on Gateway.

The Township has since adopted an Internal Controls Standards policy after State Board of Accounts Field Examiner pointed out my error. I have attached both the Internal Controls Policy, adopted October 7, 2019 and the Materiality Threshold, adopted February 9, 2016 for your records.

Thank you,

Beth A. Baird
Hensley Township Trustee
317-710-5880

HENSLEY TOWNSHIP TRUSTEE

INTERNAL CONTROLS POLICY

OCTOBER 7, 2019

1. RECEIPTS AND DISBURSEMENTS

The Township Board shall serve as the Internal Control Oversight Committee (hereinafter referred to as the "Oversight Committee", formed January 5, 2016). To verify receipts and disbursements, each board member shall receive and review a quarterly report which includes bank statements and bank reconciliations for each month. This process has been effect since January 2016. At the following board meeting, discussion and acceptance of all quarterly reports by the board shall be recorded in the minutes for that meeting.

It will be the policy of the Trustee and Board of Trustees to report promptly to the State Board of Accounts any losses, shortages, or thefts of funds from the General Fund, Township Assistance Fund, or the Rainy Day Fund. The Trustee will make the check ledger available for inspection immediately upon the request of any and all board members through the Excel program or the current hard copy ledger. The Trustee and the board are also able to request and confirm current CD reports and balances from Mutual Savings Bank.

Credit card use shall be as stated in the Credit Card Policy Resolution 2017-1 dated February 6, 2017:

1. The Credit Card shall be issued to and held in the custody of the current Trustee and he/she shall be the person responsible for its safekeeping.
2. The Township voucher (checking account check) is always the preferred form of payment. The Credit Card shall be used only in instances where immediate payment is required, such as Emergency Shelter Assistance.
3. A purchase order shall be created for emergency assistance detailing the transaction, just as any other purchase dealing with Township Assistance. The credit card shall not be used to bypass the accounting system. An audit trail must exist for all transactions.
4. Any interest or penalty due to late filing shall be the responsibility of the Trustee personally.
5. The Credit Card shall never be used to obtain cash.
6. The Credit Card agreement shall not contain language that references debt.
7. As with balance sheets and banks statements, the board shall receive a quarterly review of all credit card statements. All transactions shall be accessible according to Public Records Laws.
8. Credit Card bills must be paid in full monthly by a Township check, never automatic withdraw.
9. All rewards or bonuses shall remain Township property.
10. If mandatory, an annual fee may be paid to the bank which provides the credit card.

2. TRAINING

The Trustee, all Board Members, and any employees of the Township will be shown the "Uniform Internal Control Standards for Indiana Political Subdivisions" provided by the State Board of Accounts and will sign the certification confirming their receipt of the training.

RESOLUTION TO ESTABLISH INTERNAL CONTROLS
2019-3

WHEREAS, Hensley Township Board of Trustees, Johnson County recognizes their responsibility to the residents and taxpayers of the district to maintain minimum internal control standards as defined by the State Board of Accounts and IC 5-11-1-27 (g).

NOW AND THEREFORE BE IT RESOLVED, THAT THE Board of Trustees do hereby adopt internal control standards and ensure that future board members and personnel (if applicable) receive training.

DULY ADOPTED by the Board of Trustees of Hensley Township at its regular meeting held on the 7th day of October, 2019, at which meeting a quorum was present.

AYE

Nay

Mary Wilkerson

Dennis Bradford

William Meredith

ATTEST:

William Meredith

William Meredith, Secretary

Beth Baird

Beth Baird, Trustee

TOWNSHIP BOARD RESOLUTION

Regarding variance thresholds applicable to Hensley Township

Whereas, FC 5-11-1-27(j) requires erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the State Board of Accounts; and

Whereas, State Examiner Directive 2015-6 directs each political subdivision to determine its own policy on materiality; and

Whereas, the Township Board does not condone any erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property but recognizes that relatively small items may not justify the cost of the involvement of the State Board of Accounts; and

Whereas, the Trustee has issued a directive, attached hereto as Appendix, stating a policy on materiality and a process for reporting material items;

Now, therefore, be it resolved:

Section 1. The Township Board hereby endorses the Trustee's declaration, attached as Appendix, regarding a policy on materiality and a process for reporting material items.

Section 2. The Township Board calls upon the Trustee and all Township officials, employees, and agents to enforce and comply with the policy on materiality and process for reporting material items and to report noteworthy items to the Township Board Oversight Committee or the full Township Board.

Section 3. The Township Board directs its Oversight Committee to monitor, as it deems necessary, compliance with the policy on materiality and process for reporting material items and report noteworthy items to the full Township Board.

Section 4. The Township Board asks the Trustee to advise the Township Board of any changes in the policy on materiality and process for reporting material items.

Adopted this 9th day of Feb, 2016.

Dennis Brownfield
Dennis Brownfield

Mary Wilkerson
Mary Wilkerson

William Meredith
William Meredith

HENSLEY TOWNSHIP, JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 25, 2019, with Beth A. Baird, Trustee, and Mary Wilkerson, Chairman of the Township Board.