

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PORTAGE TOWNSHIP

PORTER COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED
10/26/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Brendan Clancy	01-01-19 to 12-31-21
Chair of the Township Board	Terry Whitten	01-01-19 to 12-31-19
	Lori Wilkie	01-01-20 to 09-28-20
	Billy Coker	09-29-20 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF PORTAGE TOWNSHIP, PORTER COUNTY, INDIANA

This report is supplemental to our audit report of Portage Township (Township), for the period from January 1, 2019 to December 31, 2020. 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 Statement Audit Report of the Township, which provides our opinions 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

October 12, 2021

PORTAGE TOWNSHIP, PORTER COUNTY
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER RECEIPTS

A similar comment also appeared in prior Report B53774, entitled *FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

There were deficiencies in the internal control system of the Township. The Township had not separated incompatible activities related to receipts and disbursements. The failure to establish these internal controls could have enabled material misstatements to remain undetected.

Departments outside of the Trustee's office collected money for various activities and issued manual receipts. These departments deposited their collection and submitted the supporting documentation and bank receipt to the Bookkeeper at the Trustee's office. The Bookkeeper posted all receipts to the financial system without a system of oversight or review. The lack of effective internal controls could have enabled noncompliance to go undetected.

Criteria

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. . . ."

PORTAGE TOWNSHIP, PORTER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 12, 2021, with Brendan Clancy, Trustee; Billy Coker, Chair of the Township Board; Mallory Taylor, Bookkeeper; and Eva Cloyd, Bookkeeper.