

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLAY TOWNSHIP

HAMILTON COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED
12/21/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Douglas Callahan	01-01-19 to 12-31-21
Chair of the Township Board	Matthew Snyder	01-01-19 to 12-31-19
	Paul Hensel	01-01-20 to 12-31-20
	Mary Eckard	01-01-21 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CLAY TOWNSHIP, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of Clay 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 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 14, 2021

CLAY TOWNSHIP, HAMILTON COUNTY
AUDIT RESULTS AND COMMENTS

CAPITAL ASSETS

Condition and Context

The Township did not properly maintain a detailed listing of capital assets during the audit period. Additions and deletions to the capital asset ledger were not properly recorded to ensure an accurate record of capital assets.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

INTERNAL CONTROLS

Condition and Context

There were deficiencies in the internal control system of the Township related to receipts. The Township had not separated incompatible activities related to receipts. The Deputy Trustee entered receipts into the financial software without a review or approval process. The Township Board reviewed quarterly reports that included receipts; however, there was no detail included to ensure that the receipt was properly recorded and to the correct fund.

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. . . ."



CLAY TOWNSHIP OF HAMILTON COUNTY

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Trustee

Douglas Callahan

Board Members

Mary Eckard

Paul D. Hensel

Matthew J. Snyder

December 17, 2021

State Board of Accounts
302 Washington St., Room E418
Indianapolis, IN 46204-2765

In regard to the Clay Township of Hamilton County, Indiana Audit Results and Comments, please find our formal responses below:

CAPITAL ASSETS

Condition and Context

The Township did not properly maintain the detail listing of assets during the audit period Additions and deletions to the capital asset ledger were not properly recorded to ensure an accurate record of capital assets.

Formal Township Response –

Per the Internal Control Policy of the Township all assets purchased at or over \$5,000 by the Township will be paid out of the appropriate Township Fund by the Deputy Trustee/Clerk and forward to the Trustee for approval and documented in the Capital Assets/Inventory file.

INTERNAL CONTROLS

Conditions and Context

There were deficiencies in the internal control system of the Township related to receipts. The Township had not separated incompatible activities related to receipts. The Deputy Trustee entered receipts into the financial software without a review or approval process. The Township Board reviewed quarterly reports that included receipts. however, there was no detail included to ensure that the receipt was properly recorded and to the correct fund

Formal Township Response -

After funds are received, the Deputy Trustee will enter such receipts into the Township's financial system. Such financial entries will be printed off and accompanied by the supporting documents (copies of checks, deposit slip, and etc.) for the Township Trustee to review and approve to ensure that the receipt was property recorded to the correct fund prior to deposit at the bank. The Township Trustee will sign the financial entry as evidence of approval of not only the entry itself, but also of revenue of the cash receipts detail that supports the deposit. All detail including the Township's signed approval and review will be included in the monthly reports that are presented to the Township Board.

CLAY TOWNSHIP, HAMILTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2021, with Douglas Callahan, Trustee; Deborah Spelbring, Deputy Trustee; Paul Hensel, Township Board member; and Matthew Snyder, Township Board member.