



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 14, 2022

TO: THE OFFICIALS OF MONROE TOWNSHIP, MORGAN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Monroe Township (Township), Morgan County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ADOPTION OF, AND TRAINING ON, 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.

In addition, 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:

"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; and
- (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 indicated that the Township had not adopted the minimum internal control standards.

In addition, 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 indicated that all personnel had not received training concerning the internal control standards.

Context

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

"The state examiner shall require from every audited entity 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](#)."

ANNUAL FINANCIAL REPORT

A similar comment appeared in the immediately prior Report B46723.

Condition and Context

The Township's financial information was entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source for the Annual Financial Report (AFR) and financial statements.

The AFRs for 2017, 2019, and 2020 included funds with beginning balances that were a combined \$1,457 less, \$453,743 more, and \$72,743 less than the prior period ending balances, respectively. Beginning balances should agree to ending balances from the prior period.

Additionally in 2019, the Township overstated disbursements in the Township and Township Assistance funds by \$200,500 and \$180,500, respectively, due to the inclusion of bank-to-bank transfer activity reported in its AFR. This led to an equivalent understatement of the Township's cash and investments balance as of December 31, 2019. The aforementioned disbursements reported in the 2019 AFR were purchases of Certificates of Deposit that did not affect the Township's ending cash and investments balance.

Adjustments were made in Gateway by the Trustee to address the AFR submission errors noted above.

Criteria

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

"The state examiner shall require from every audited entity 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](#)."

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)

OFFICIAL BOND

A similar comment appeared in the immediately prior Report B46723.

Condition and Context

The Trustee had not been sufficiently bonded during the engagement period. The Trustee's Surety Bond amount was \$15,000 instead of the required \$30,000.

Criteria

Indiana Code 5-4-1-18 states in part:

"(a) Except as provided in subsections (b), (c), and (d), the following individuals shall file and maintain in place an individual surety bond during each year that the individual serves as an officer, employee, or contractor: . . .

(b) The fiscal body of a city, town, county, or township may by ordinance authorize the purchase of a blanket bond that:

- (1) is endorsed to include faithful performance to cover the faithful performance of;
- (2) includes aggregate coverage sufficient to provide coverage amounts specified for;

all employees, commission members, and persons acting on behalf of the local government unit, including the officers, employees, and contractors described in subsection (a) who are required to file a bond under this chapter. . . .

(d) The fiscal body of a city, town, county, or township may by ordinance (or for a township, by resolution) authorize the purchase of a crime insurance policy that:

- (1) provides coverage for criminal acts or omissions committed by;
- (2) is endorsed to include the faithful performance to cover the faithful performance of; and
- (3) includes aggregate coverage sufficient to provide coverage amounts specified for;

all officers, employees, contactors, commission members, and persons acting on behalf of the local governmental unit and required to file a bond under this chapter. For the sole purpose of recovering public funds on behalf of a local governmental unit, the state is considered to be an additional name insured on all crime insurance policies and endorsements obtained under this subsection.

(e) Except as provided in subsections (k) and (l), the fiscal bodies of the respective units shall fix the amount of the bond of city controllers, city clerk-treasurers, town clerk-treasurers, Barrett Law fund custodians, county treasurers, county sheriffs, circuit court clerks, township trustees, and conservancy district financial clerks as follows:

- (1) The amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis, 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.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2020

Fund	Cash and Investments 12-31-20
Township	\$ 215,901
Township Assistance	228,857
Township Excess Levy Fund	1,457
Dog	60
 Total	 \$ 446,275

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Michael G. Marsh, Trustee, and James M. Kaiser, Chair of the Township Board, on January 18, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

OFFICIAL RESPONSE

Date: January 20, 2022

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

Re: Monroe Township, Morgan County Audit

To whom it may concern:

The Trustee admits he was in error on the Certification on Internal Control Standards as well as Adoption of and Training on Internal Control Standards, which has already been addressed. Also, the issue regarding the Bond not being high enough has already been addressed.

But the Trustee and Board can't see where the numbers in error on the Annual Financial Report (AFR) were arrived from. All totals match from beginning to ending totals in the Township Ledger Book. We agree that there was an error on the Final Report for 2019 because the CD's were added together with the beginning cash balances for both the Township and Township Assistance. This didn't show any indiscretions on ending balances. Changes were made to the Gateway AFRs so that beginning and ending balances agree for 2016-2020.

Sincerely,

Michael G. Marsh

A handwritten signature in blue ink that reads "Michael G. Marsh". The signature is written in a cursive style and is positioned above the printed name.

Monroe Township Trustee