STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

July 13, 2022

TO: THE OFFICIALS OF ABOITE TOWNSHIP, ALLEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Aboite Township (Township), Allen 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 instance of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ANNUAL FINANCIAL REPORT

A similar comment also appeared in prior Report B46724.

Condition and Context

The Township reported its financial activity into the Indiana Gateway for Government Units financial system, which is the source of the Annual Financial Report (AFR). For the 2016, 2017, and 2020 AFR submissions, the Township's AFR agreed to the Township's fund balance report; however, it did not agree to the Township's ledger. For the 2018 and 2019 AFR submissions, the Township's AFR did not agree to the Township's fund balance report or the Township's ledger.

In addition, the Township's 2019 AFR reported an overdrawn cash balance of $1,287 for the Payroll Deductions fund at December 31, 2019. However, the Township's 2020 AFR reported a positive cash balance of $18,396 for the Payroll Deductions fund at January 1, 2020. The inconsistent presentation was caused by differences between the 2018 and 2019 Township's ledger and AFR of Payroll Deductions fund receipts.

Furthermore, the Township did not report its outstanding notes payable and capital assets within its AFR submissions for 2016 through 2020.

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."

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B46724.

Condition and Context

The Township's Bank Account Reconciliations contained errors resulting in cash longs/(shorts). These variances were ($5,367), $82,615, $106,850, $96,783 and $81,199 for 2016, 2017, 2018, 2019, and 2020, respectively. The list of deposits in transit used for the December 31, 2020 reconcilement, had incorrect items that totaled $81,750. Of this total, $263 was a bank error, $1,461 were voided transactions, $2,974 was unknown, and $77,052 were payroll deductions receipts. These incorrect items were removed to reduce the variance at December 31, 2020, from $81,199 cash long to ($551) cash short.

In addition, the outstanding check lists presented for audit contained duplicate checks or check amounts written in the wrong amount throughout the audit period. For example, a vendor check written in September 2017 for $30,623 was made in error to fund park pavilion construction. Subsequently, three checks were written to correct the error that totaled $30,623 and cleared the bank as of December 31, 2017. The initial check from September 2017 remained on the December 31, 2017 outstanding check list.

Criteria

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

SUPPORTING DOCUMENTATION

Condition and Context

Of 25 sampled Township checks tested for compliance, supporting documentation for 11, or 44 percent, of the sample could not be provided due to poor organization of Township records by the following years:

Year	Checks
2016	3
2017	4
2018	1
2019	2
2020	1
Total	11

Criteria

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

COMPENSATION OF OFFICERS AND EMPLOYEES

A similar comment also appeared in prior Report B46724.

Condition and Context

There was no audit evidence provided of a fixed salary schedule approved by the Township Board for 2016 and 2018.

Criteria

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

> "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. An elected township officer is not required to report hours worked and may not be compensated based on the number of hours worked."

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

Township officials and employees who were involved in the financial records have not received proper training on internal controls.

The Township improperly certified on the Indiana Gateway for Government Units financial reporting system that the training on internal controls had been done for all required employees for 2016 through 2018.

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."

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."

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.

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

The contents of this report were communicated to Michael Meyers, Trustee; Christina Perez, Deputy Trustee; and Doug Schenkel, Chair of the Township Board, on June 28, 2022.

Respectfully,

Beth Kelley, CPA, CFE
Deputy State Examiner