B59922

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

October 4, 2022

TO: THE OFFICIALS OF RICHLAND TOWNSHIP, WHITLEY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Richland Township (Township), Whitley County, for the period of January 1, 2018 to December 31, 2021, 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

COMPENSATION

A similar comment also appeared in prior Report B51430, entitled *COMPENSATION*.

Condition and Context

Through payroll compliance engagement procedures performed, sufficient appropriate evidence was not obtained to confirm that the pay rate and/or salary of all employees tested were supported by a Township Board adopted ordinance, resolution, or salary schedule for the years ended December 31, 2018, and December 31, 2021.

Criteria

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MONTHLY AND ANNUAL GATEWAY UPLOADS

Condition and Context

The Township did not comply with the Amended State Examiner Directive 2018-1, by failing to upload many of the required monthly and annual files to the Indiana Gateway for Government Units financial reporting system for the years ended December 31, 2018, December 31, 2019, December 31, 2020, and December 31, 2021.

Criteria

The following files and governmental unit information are required to be uploaded monthly by Townships:

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes, please see the user guide for more information and examples
- Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

The following files and governmental unit information are required to be uploaded annually:

- Year-end Investment Statements
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments
- Annual Vendor History Report
- Annual Payroll History Report, without social security numbers
- Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund
- Optional: Excel Data Capture/Data Dump (in lieu of Detail of Receipts and Disbursements)

. . .

Exceptions to certain requirements set forth in this Directive, such as for **manual records**, units audited by private CPA firms, and other exceptions, are discussed in the user guide. Contact information for questions and other help, including a "Frequently Asked Questions" section, is also available in the user guide. (Township Bulletin and Uniform Compliance Guidelines, December 2020)

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)

ADOPTION OF INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B51430, entitled *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 and required by statute.

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 . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B51430, entitled *TRAINING ON INTERNAL CONTROL STANDARDS.*

Condition and Context

Township personnel 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.

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."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B51430, entitled *CERTIFICATION ON INTERNAL CONTROL STANDARDS.*

Condition and Context

The Trustee certified on the Annual Financial Report (AFR) submitted in the Indiana Gateway for Government Units financial reporting system for 2019, 2020, and 2021 that the Township had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and 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 the Township had not, in fact, adopted the minimum internal control standards and that all personnel had not received training concerning the internal control standards. No evidence was provided indicating that internal control standards had been adopted or training had been provided. Therefore, the AFRs for 2019, 2020, and 2021 were incorrect.

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."

CAPITAL ASSETS

Condition and Context

Through inquiry of Township officials, and capital asset compliance engagement procedures performed, it was determined that a complete physical inventory was not being performed every two years as required. Supporting documentation was obtained that revealed the Township did own various capital assets during the engagement period, yet a detailed listing of those capital assets was not maintained. In addition, it was concluded that the Township did not have a capital asset policy as required.

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)

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, 2021

Fund	Cash and Investments 12-31-21
Township Fund	$ 149,155
Recreation Fund	24,322
Township Assistance Fund	49,714
Fire Fighting Fund	78,868
Rainy Day Fund	12,808
Cumulative Fire Fund	249,311
Community Fund	34,392
Total	$ 598,570

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

The contents of this report were communicated to Cory Patrick, Trustee, and Steven Hoopingarner, Chair of the Township Board, on August 31, 2022.

Respectfully,

Beth Kelley

Beth Kelley, CPA, CFE
Deputy State Examiner