



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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October 26, 2022

TO: THE OFFICIALS OF SALEM TOWNSHIP, PULASKI COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Salem Township (Township), Pulaski 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](http://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**

### **CAPITAL ASSETS**

#### *Condition and Context*

The Township has not adopted a capital assets policy that details the threshold at which an item is considered a capital asset.

#### *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)

## **CERTIFICATION ON INTERNAL CONTROL STANDARDS**

### *Condition and Context*

Although the Township did file the required reports regarding its Certification on Internal Control Standards, it did not make its certification correctly.

### *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](#)."

## **TRAINING ON INTERNAL CONTROL STANDARDS**

### *Condition and Context*

The Township did not provide auditable evidence that the appropriate personnel received training concerning the internal control standards as required.

### *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."

## **ADOPTION OF INTERNAL CONTROL STANDARDS**

### *Condition and Context*

The Township had not adopted an internal control policy. The Township did present an internal control policy for audit, but the policy was not signed by the legislative body of the Township.

### *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."

## **ANNUAL FINANCIAL REPORT**

### *Condition and Context*

For 2018, the Township made its Form 100R submission 23 days late, and for 2019, 2 days late.

### *Criteria*

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **ANNUAL FINANCIAL REPORT**

### *Condition and Context*

The Township filed its 2018 Annual Financial Report (AFR) 18 days late, and its 2019 AFR, 1 day late.

### *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](#)."

## **MONTHLY AND ANNUAL UPLOADS**

### *Condition and Context*

As of 26 July, 2022, the Township had the following files and governmental unit information outstanding that are required to be uploaded monthly by Townships:

- 2018 - 2021 - All Bank Reconcilements
- 2018 - 2021 - All Board Minutes, and
- 2018 - 2021 - Funds Ledger, summarizing total receipts, disbursements, and beginning and ending balances by fund

As of 26 July, 2022, the Township had the following files and governmental unit information outstanding that are required to be uploaded monthly by Townships:

- 2018 - 2021 - Year End Investment Statements
- 2018 - 2021 - Detail of Receipts for the year
- 2018 - 2021 - Detail of Disbursements for the year
- 2018 - 2021 - Current year Salary Ordinance (or Schedule) and Amendments
- 2018 - 2021 - Annual Vendor History Report
- 2018 - 2021 - Annual Payroll History Report, without social security numbers

- 2018 - 2021 - Annual Funds Ledger, summarizing year-to-date total receipts, year-to-date disbursements, and beginning and ending balances by fund

*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)
- . . .

(The 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)

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 General Fund	\$ 109,977
Township Assistance Fund	73,517
Fire Fund	105,465
Rainy Day Fund	174,247
Cumulative Fire Fund	112,176
Payroll Withholdings Fund	<u>(12,488)</u>
Totals	<u>\$ 562,894</u>

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

The contents of this report were communicated to Kay Beasey, Trustee; Greg Stone, Township Board member; and Linda Bennett, Deputy Trustee, on October 7, 2021.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner