



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

November 23, 2022

TO: THE OFFICIALS OF PERSHING TOWNSHIP, JACKSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Pershing Township (Township), Jackson 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

ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS

Similar comments also appeared in prior Report B50760, entitled *ADOPTION OF INTERNAL CONTROL STANDARDS* 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

The same comment also appeared in a prior Report B50760.

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.

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](#)."

COMPENSATION AND BENEFITS

A similar comment also appeared in prior Report B50760, entitled *COMPENSATION*.

Condition and Context

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

Criteria

Indiana Code 36-6-6-10(c) states in part: "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. . . ."

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)

ANNUAL FINANCIAL REPORT

Condition and Context

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

Throughout the engagement period, the Township omitted its Rainy Day Fund and Community Center Fund activity from its AFRs, which resulted in understatements of the year-end cash and investment balances in the financial statements.

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

Condition and Context

Depository reconciliations of the Township's fund balances to its bank account balances were not conducted monthly, or on a timely basis throughout the engagement period; as a result, year-end bank account reconciliations did not balance, as the Township did not reconcile all depository accounts to the ending cash and investments balance reported in its Annual Financial Reports (AFRs).

In addition, the Township did not ensure that fund balances reported in its AFRs agreed to the fund balances in the Township ledger, or to the prior period fund ending balances.

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."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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.

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	\$ 91,424
Township Assistance	18,495
Rainy Day Fund	2,048
Community Center Fund	<u>8,713</u>
Total	<u>\$ 120,680</u>

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

The contents of this report were communicated to Sharon K. Yost, Trustee, and Doyle Lyon, Chair of the Township Board, on October 31, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

***Pershing Township
Jackson County, Indiana***

OFFICIAL RESPONSE

Date: November 9, 2022

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

Re: Pershing Township, Jackson County, Indiana's 2018 – 2021 Audit

We acknowledge the information contained in this communication is being presented in accordance with IC 5-11-5-1.

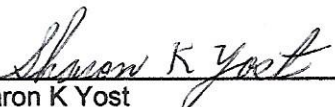
We acknowledge that the earliest date our report will be issued is December 15, 2022, unless waived by the State Examiner.

We wish to file an official response to the results and comments in the form of a letter to be bound in the report and will do so by November 10, 2022.

We understand that an SBOA corrective action plan must be completed and submitted on the SBOA website within 10 calendar days, or an email must be sent communicating the status of the corrective action plan, for all repeated comments by November 10, 2022.

Unfortunately, the township trustee in office when the prior audit was conducted is now deceased and the current trustee was unaware of the prior audit's findings and obligation to correct the findings in that audit. We have always diligently tried to adhere to all local, state and federal laws and regulations and now that these issues have been brought to our attention we will strive just as hard to become compliant with Indiana Code relating to these issues.

We are already in the process of correcting the 3 repeat findings (Adoption of and Training on Internal Control Standards, Certification on Internal Control Standards and Compensation and Benefits). These issues will be corrected before the end of December, 2022.



Sharon K Yost
Trustee – Pershing Township