



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 21, 2022

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

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

***BANK ACCOUNT RECONCILIATIONS***

The same comment also appeared in prior Report B51795.

***Condition and Context***

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliations were not properly completed. The ending December 31, 2018, 2019, 2020, and 2021 reconciliations did not balance due to unidentified errors. As a result, the ending cash and investment balances were \$1,985; \$17,876; \$16,896; and \$15,475 more, respectively, than the adjusted bank 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)

### **ADOPTION OF INTERNAL CONTROL STANDARDS**

The same comment also appeared in Report B51795.

#### *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.

#### *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; and . . ."

### **TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B51795.

#### *Condition and Context*

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 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 B51795.

#### *Condition and Context*

The Township certified on the Indiana Gateway for Government Units financial reporting system that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e) and that all personnel as defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the unit; however, the Township had not adopted the minimum internal control standards and that all personnel had not received training concerning the internal control standards.

### *Criteria*

Indiana Code 5-11-1-27(h) states:

"After June 30, 2016, the fiscal officer of a political subdivision shall certify in writing that:

- (1) the minimum internal control standards and procedures defined under subsection (e) have been adopted by the political subdivision; and
- (2) personnel, who are not otherwise on leave status, have received training as required by subsection (g)(2).

The certification shall be filed with the state board of accounts at the same time as the annual financial report required by section 4(a) of this chapter is filed. The certification shall be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **SUPPORTING DOCUMENTATION**

### *Condition and Context*

The Township did not provide sufficient supporting documentation to verify the accuracy and validity for two of ten disbursements selected for testing.

### *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)

## **MONTHLY AND ANNUAL UPLOADS**

### *Condition and Context*

The files and government unit information that are required to be uploaded monthly include the bank reconciliements, approved board minutes and the funds ledger, summarizing total receipts, disbursements, and balances by fund.

Annual upload requirements include the year-end bank statement, year-end outstanding check list, year-end investments, detail of receipt activity, detail of disbursement activity, current year salary ordinance, and an annual vendor history report.

The Township did not comply with the State Examiner Directive and failed to upload all of the monthly and annual files on the Indiana Gateway for Government Units financial reporting system for 2018, 2019, 2020, and 2021.

### *Criteria*

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)

Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

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 2017	\$ 71,266
Township Assistance	30,674
Fire Fighting	70,337
Rainy Day	1,937
Excess Levy	<u>(77)</u>
Total	<u>\$ 174,137</u>

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

The contents of this report were communicated to Christopher Spiek, Trustee; Victoria Streiff, Chair of the Township Board; and Scott Smith, Township Board member, on November 9, 2022.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner