



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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January 3, 2023

TO: THE OFFICIALS OF WALNUT TOWNSHIP, MONTGOMERY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Walnut Township (Township), Montgomery County, for the period of January 1, 2017 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 instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ADOPTION OF, AND TRAINING AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS

Condition and Context

The Township certified on Gateway that it had adopted the minimum internal control standards as required by Indiana Code 5-11-1-27(e); however, during the engagement, the Township could not provide supporting documentation that it had adopted the minimum internal control standards.

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 Township could not provide supporting documentation showing that all personnel had received training concerning the internal control standards.

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."

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](#)."

ANNUAL FINANCIAL REPORT

A similar comment appeared in prior Report B48350, entitled *ANNUAL FINANCIAL REPORT ERRORS*.

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.

In its 2017, 2018, 2019, and 2020 AFRs, the Township included \$146,912 in investment activity, which led to likely overstatements of the combined ending cash and investments balance reported in the financial statements by the aforementioned amount.

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](#)."

ANNUAL NEPOTISM AND CONTRACTING CERTIFICATIONS

Similar comments appeared in prior Report B48350, entitled *NEPOTISM CERTIFICATION AND CONTRACTING WITH A UNIT CERTIFICATION*.

Condition and Context

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31 of 2017, 2018, 2019, and 2020.

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-21 (Contracting with a Unit) by December 31 of 2017, 2018, 2019, and 2020.

Criteria

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

APPROPRIATIONS

The same comment appeared in prior Report B48350.

Condition and Context

The following funds had disbursements in excess of budgeted appropriations for the amounts shown below:

<u>Fund</u>	<u>Years</u>	<u>Amount Expended</u>
Fire Fighting	2019	\$ 11,193
Fire Fighting	2020	5,421
Cumulative Fire	2020	3,710

Criteria

Indiana Code 6-1.1-18-4 states in part: "The proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BANK ACCOUNT RECONCILIATIONS

A similar comment appeared in prior Report B48350, entitled *DEPOSITORY RECONCILIATIONS*.

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were not conducted.

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)

MONTHLY AND ANNUAL ENGAGEMENT UPLOADS

Condition and Context

As of December 1, 2022, the Township had not uploaded all required monthly and annual engagement uploads for 2018, 2019, and 2020 into the Indiana Gateway for Government Units financial reporting system as required by Amended State Examiner Directive 2018-1.

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)

(Amended State Examiner Directive 2018-1)

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
As of December 31, 2020

Fund	Cash and Investments 12-31-20
Township	\$ 50,969
Township Assistance	31,671
Fire Fighting	8,980
Rainy Day	1,880
Cumulative Fire	<u>49,369</u>
Total	<u>\$ 142,869</u>

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

The contents of this report were communicated to Tammy Blankenship, Trustee, and Will Crook, Chair of the Township Board, on December 1, 2022.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner