



**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](http://www.in.gov/sboa)

February 15, 2023

TO: THE OFFICIALS OF SALUDA TOWNSHIP, JEFFERSON COUNTY, INDIANA

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

**SUPPORTING DOCUMENTATION - DISBURSEMENTS**

*Condition and Context*

The Township was unable to provide documentation for six of the ten disbursements tested for the engagement period.

*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)

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

Similar comments also appeared in prior Report B51777 entitled, *ADOPTION OF INTERNAL CONTROL STANDARDS, TRAINING ON INTERNAL CONTROL STANDARDS, and CERTIFICATION ON INTERNAL CONTROL STANDARDS*.

### *Condition and Context*

Documentation was not provided that the Township had adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts, nor that Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had received training over internal control standards developed or approved by the Indiana State Board of Accounts. In addition, the Township incorrectly certified that they had adopted and trained on the minimum 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](#)."

## **TOWNSHIP BOARD MINUTES MISSING**

### *Condition and Context*

The Township was unable to provide minutes for the Township Board meetings for the engagement period.

### *Criteria*

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

Documentation of depository reconciliations of the fund balances to the bank account balances were not provided for the engagement period.

### *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."

## **CAPITAL ASSETS**

### *Condition and Context*

The Township had not adopted a Capital Asset policy for the engagement period.

### *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)

## **COMPENSATION AND BENEFITS**

### *Condition and Context*

The Township was unable to provide an approved salary schedule or Township Board action which approved the salaries of each employee.

### *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)

## **CONFLICT OF INTEREST DISCLOSURE**

### *Condition and Context*

Payments were made in 2019, 2020, and 2021 to the spouse of the former Trustee, for mowing services. Conflict of interest disclosure statements were not submitted by the former Trustee to the Township Board or filed with the Indiana State Board of Accounts or the Clerk of the Circuit Court.

## Criteria

Indiana Code 35-44.1-1-4 states in part:

"(a) The following definitions apply throughout this section:

(1) 'Dependent' means any of the following:

(A) The spouse of a public servant.

(B) A child, stepchild, or adoptee (as defined in [IC 31-9-2-2](#)) of a public servant who is:

(i) unemancipated; and

(ii) less than eighteen (18) years of age.

(C) An individual more than one-half (1/2) of whose support is provided during a year by the public servant.

(2) 'Governmental entity served by the public servant' means the immediate governmental entity being served by a public servant.

(3) 'Pecuniary interest' means an interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of:

(A) the public servant; or

(B) a dependent of the public servant who:

(i) is under the direct or indirect administrative control of the public servant; or

(ii) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant.

(b) A public servant who knowingly or intentionally:

(1) has a pecuniary interest in; or

(2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

(c) It is not an offense under this section if any of the following apply: . . .

(6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is:

(A) not a member or on the staff of the governing body empowered to contract or purchase on behalf of the governmental entity, and functions and performs duties for the governmental entity unrelated to the contract or purchase;

(B) appointed by an elected public servant;

(C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;

(D) elected; or

(E) a member of, or a person appointed by, the board of trustees of a state supported college or university.

(d) A disclosure must:

(1) be in writing;

(2) describe the contract or purchase to be made by the governmental entity;

(3) describe the pecuniary interest that the public servant has in the contract or purchase;

(4) be affirmed under penalty of perjury;

(5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action of the contract or purchase;

(6) be filed within fifteen (15) days after final action on the contract or purchase with:

(A) the state board of accounts; and

(B) . . . the clerk of the circuit court in the county where governmental entity takes final action on the contract or purchase."

## ***FAILURE TO ENTER INTO CONTRACT***

### *Condition and Context*

Payments made to the former Trustee's spouse, totaling \$9,050, for mowing services during 2019, 2020, and 2021, were not supported by a written contract.

### *Criteria*

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Indiana Code 36-1-21-5 states:

"(a) A unit may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with:

(1) an individual who is a relative of an elected official; or

(2) a business entity that is wholly or partially owned by a relative of an elected official; only if the requirements of this section are satisfied and the elected official does not violate [IC 35-44.1-1-4](#).

(b) A unit may enter into a contract or renew a contract with an individual or business entity described in subsection (a) if:

(1) the elected official files with the unit a full disclosure, which must:

(A) be in writing;

(B) describe the contract or purchase to be made by the unit;

(C) describe the relationship that the elected official has to the individual or business entity that contracts or purchases;

(D) be affirmed under penalty of perjury;

(E) be submitted to the legislative body of the unit and be accepted by the legislative body in a public meeting of the unit prior to final action on the contract or purchase; and

(F) be filed, not later than fifteen (15) days after final action on the contract or purchase, with:

(i) the state board of accounts; and

(ii) the clerk of the circuit court in the county where the unit takes final action on the contract or purchase;

(2) the appropriate agency of the unit:

(A) makes a certified statement that the contract amount or purchase price was the lowest amount or price bid or offered; or

(B) makes a certified statement of the reasons why the vendor or contractor was selected; and

(3) the unit satisfies any other requirements under [IC 5-22](#) or [IC 36-1-12](#).

(c) An elected official shall also comply with the disclosure provisions of [IC 35-44.1-1-4](#), if applicable.

(d) This section does not affect the initial term of a contract in existence at the time the term of office of the elected official of the unit begins."

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	\$ 51,692
Park And Recreation	31,445
Township Assistance	19,247
Fire Fighting	18,440
Lewy Excess	<u>105</u>
Total	<u>\$ 120,929</u>

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

The contents of this report were communicated to the Cory Thomas, Trustee, and Tyler Proffet, Chair of the Township Board, on February 9, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner