



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 16, 2023

TO: THE OFFICIALS OF SALEM TOWNSHIP, DELAWARE 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), Delaware County, for the period of January 1, 2017 to December 31, 2018, 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

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Bank Account Reconciliations had numerous reconciling items which could not be verified. When an issued check or receipt had an error, such as being recorded to the wrong fund or account, appropriate staff recorded correcting entries in the web-based electronic ledger. When an error was corrected in the software, it did not provide a visible audit trail. The web-based ledger only presented the final entry, which is the correction. The software company can provide an audit trail upon request. However, it could not be determined from observing the ledger that an audit trail would be needed as the ledger did not visibly document that any corrections had been made.

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."

When it is determined that an error has been posted in the financial records, the error must be corrected in a timely manner. The correction of the error should be dated as of the date that the correction occurred and should not be back dated to the date the error occurred. The adjustment should be labeled as a correcting entry. All documentation of the error and the adjustments must be maintained to support the correction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

MONTHLY AND ANNUAL UPLOADS

Condition and Context

The Township did not upload all required monthly and annual engagement uploads for 2018 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)

(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)

OVERDRAWN CASH BALANCES

Condition and Context

The Township Fund had overdrawn cash balances of \$807 and \$7,529 at December 31, 2017, and December 31, 2018.

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (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, 2018

Fund	Cash and Investments 12-31-18
TOWNSHIP FUND	\$ (7,529)
TOWNSHIP ASSISTANCE	23,278
FIRE FIGHTING FUND	69,331
RAINY DAY FUND	-
EXCESS LEVY	1
FIRE TERRITORY GENERAL	229,879
CUM FIRE FUND	67,749
Fire Territory Equipment	36,850
PAYROLL DEDUCTIONS	8,136
REIMBURSEMENT	<u>21,051</u>
Total	<u>\$ 448,746</u>

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

The contents of this report were communicated to Katrina Morgan-Richardson, Trustee; Patricia Carroll, President of the Township Board; and Lorena Wright, Deputy Trustee, on February 2, 2023.

The contents of this report were communicated to Ronnette Waitman, former Trustee, on February 13, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner