

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCIPIO TOWNSHIP

LAPORTE COUNTY, INDIANA

January 1, 2020 to December 31, 2022



FILED
05/09/2023

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--------------------------------|---|--|
| Trustee | Kaelynn Deckard | 01-01-20 to 12-31-23 |
| Chair of the Township Board | Richard Rutz (Vacant) Paul Lindeman | 01-01-20 to 07-23-20 07-24-20 to 09-27-20 09-28-20 to 12-31-23 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF SCIPIO TOWNSHIP, LAPORTE COUNTY, INDIANA

This report is supplemental to our audit report of Scipio Township (Township), for the period from January 1, 2020 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statements Audit Report of the Township, which provides our opinions on the Township's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

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

Beth Kelley, CPA, CFE
Deputy State Examiner

April 20, 2023

SCIPIO TOWNSHIP, LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER RECEIPTS AND DISBURSEMENTS

Condition and Context

Internal control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The Township had not separated incompatible activities related to receipts and disbursements. The failure to establish these internal controls could have enabled material misstatements to be undetected.

Receipts

One employee received collections, posted to the ledger, and took deposits to the bank without evidence of an oversight or review process to ensure the accuracy, completeness, timeliness, and classification of the receipts. Another employee reviewed ledger entries to the bank statement; however, that employee did not review the supporting documentation of the receipts to ensure the accuracy, completeness, timeliness, and classification of the receipt entries. Furthermore, the Township did not issue receipts at the time of the transaction if a payor was not present. Those collections were posted directly to the ledger.

Disbursements

One employee wrote checks and posted to the ledger. Another employee did review ledger entries to the bank statement; however, that employee did not review the supporting documentation to ensure the accuracy, completeness, timeliness, and classification of the disbursement.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

SCIPPIO TOWNSHIP, LAPORTE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The capital assets information entered into Gateway contained errors.

The Township prepared and submitted the capital asset information into Gateway; however, records providing the detail of capital assets were not presented to support the amounts entered into Gateway for any year within the audit period. The Township approved the proposed adjustments to the capital assets information and the omission of the Schedule of Capital Assets in the Financial Statement Audit Report.

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](#)."

CAPITAL ASSETS

Condition and Context

The Township had not adopted a capital assets policy that detailed the threshold at which an item was considered a capital asset. The Township did not have a completed detailed listing of all capital assets owned, nor was a physical inventory completed every two years as required.

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)



Scipio Township- LaPorte County

Kaelynn D Deckard, Trustee

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2023 Audit Official Response

1. Receipts:

I have been issuing and numbering receipts for all collections except direct deposits. I was not aware that I needed to list the numbers in the ledger book and have them verified at the end of the month. This was not done by the previously trustee. I will have all receipts verified by the clerk or financial officer at each board meeting.

2. Disbursements:

I was following the practices of the former trustee by having the clerk check the bank statements plus the ledger book, this being my first true audit I was not aware of the other requirements. Going further I will have the clerk and financial officer review invoice/ statements each month.

3. Capital Assets:

We are in the process of updating our capital assets information. In March of 2023, we adopted a capital assets threshold. The township is working with the Vol. Fire Department to get all the information. The March minutes has not been approved by the board, as soon as they are the minutes will be uploaded to Gateway.

SCIPIO TOWNSHIP, LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2023, with Kaelynn Deckard, Trustee; Nina Sampson, Township Clerk; and Walt Conlin, Township Board member.