



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B61692

STATE BOARD OF ACCOUNTS
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June 22, 2023

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

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

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

CERTIFICATION ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B50560.

Condition and Context

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

Criteria

Indiana Code 5-11-1-4(a) states in part:

"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](#)."

ADOPTION OF INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B50560.

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; . . ."

TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior Report B50560.

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."

BANK ACCOUNT RECONCILIATIONS

Condition and Context

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the December 31, 2018, 2019, 2020, and 2021 reconciliations did not balance. As a result, the ending cash and investments fund balances were \$1,375, \$1,376, \$613, and \$2,857 less than the adjusted bank balance.

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)

COMPENSATION AND BENEFITS

Condition and Context

The Township did not provide an annual salary resolution or ordinance, Township Board minutes, or other documentation setting and approving the salaries of Township officers and employees during the engagement period.

Criteria

Indiana Code 36-6-6-10(c) states in part: "The township legislative body shall fix the compensation of all officers and employees of the township. Compensation shall be established using an annual, monthly, or biweekly salary schedule. . . ."

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)

ANNUAL FINANCIAL REPORT

Condition and Context

The Township's Annual Financial Report for 2018 was not filed electronically until April 2, 2019, which was 31 days past the due date.

Criteria

Indiana Code 5-11-1-4(a) states in part:

"The state examiner shall require from every audited 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](#)."

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, 2021

Fund	Cash and Investments 12-31-21
Township Fund	\$ 48,666
Township Assistance	54,073
Fire Fighting Fund	22,550
Rainy Day Fund	<u>997</u>
Total	<u>\$ 126,286</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 Deborah Kervin-Asberry, Trustee, and Linda A. Johnston, Chair of the Township Board, on June 5, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

MONROE TOWNSHIP OF HOWARD COUNTY INDIANA

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Trustee Cell 765-252-9361

June 14th, 2023

"OFFICIAL RESPONSE"

TO: THE OFFICIALS OF THE STATE BOARD OF ACCOUNTS INDIANA

First let me say that I am new to the position of Trustee as of January 1, 2023. It comes as no surprise to the Board or Trustee that things are a mess. I will try to answer each issue.

- 1) Internal Control Standards, Adoption of said Controls, Training of said Controls. Training of the Trustee and Deputy was done on January 21st and January 26th, 2023 then the certifications uploaded onto Gateway January 31st, 2023. Internal Control Standards was typed and uploaded on January 31, 2023 onto Gateway. The Board will undergo training on June 21st, 2023, one Board member was gone for several weeks out of the United States and this is the date all can attend.
- 2) Compensation to Trustee, Deputy and Board Members. It was explained to us that the previous budget set our pay rates. The Board voted on and agreed to pay Trustee and Deputy monthly, the Board members will be paid semi-annually.
- 3) Annual Financial Report. There are no copies of these reports in the file. We understand that the next one is due January 31st, 2024 and plan to be on time.

If I have missed an issue know that we are working on everything at this point. Let me say that we are upset that the Audit did not include 2022 as the past bad practices are in that year also. As for 2023 and future issues we will work diligently to provide accurate and punctual reports.

Sincerely,


Deborah K. Ervin-Asberry, Trustee

Monroe Township of Howard County