



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B61700

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June 22, 2023

TO: THE OFFICIALS OF JOHNSON TOWNSHIP, KNOX COUNTY, INDIANA

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

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B50805.

*Condition and Context*

The Township certified on the Indiana Gateway for Government Units financial reporting system 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](#)."

## **TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment also appeared in prior Report B50805.

### *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:

"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."

## **CONTRACTS**

### *Condition and Context*

The Township made payments throughout the engagement period to vendors for services totaling \$69,900 that 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)

## **OVERDRAWN CASH BALANCES**

### *Condition and Context*

The Township Fund had overdrawn cash balances of \$7,556 and \$9,493 as of December 31, 2020 and 2021, respectively.

### *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)

## **SUPPORTING DOCUMENTATION**

### *Condition and Context*

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices. Contracts for cemetery mowing and bookkeeping services, as well as the approved rate of pay for employees, were not always adequately documented.

Mileage reimbursements to the Trustee did not have adequate supporting documentation. The Trustee was paid \$750, \$800, \$596, and \$775 in 2018, 2019, 2020, and 2021, respectively. The Trustee did not use Mileage Claim, Form 101, to document the number of miles driven or the reimbursement rates for these years. An additional reimbursement of \$114 was made to the Trustee during 2018 without adequate supporting documentation.

*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)

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**ADVANCE PAYMENTS**

*Condition and Context*

Township employee compensation was paid at the beginning of the month instead of at the end of the month.

*Criteria*

Compensation and any other payments for goods and services must not be paid in advance of receipt of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (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	\$ (9,493)
Township Assistance	30,420
Rainy Day Fund	7,748
Payroll Deductions	<u>531</u>
Total	<u>\$ 29,206</u>

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

The contents of this report were communicated to Aaron Morris, Trustee, on June 9, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner