



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

July 3, 2023

TO: THE OFFICIALS OF MARION TOWNSHIP, JENNINGS COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Marion Township (Township), Jennings County, for the period of January 1, 2018 to December 31, 2022, 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

CONDITION OF RECORDS

Condition and Context

The Annual Financial Reports (AFR) filed by the Township on the Indiana Gateway for Government Units financial reporting system for 2018, 2019, 2020, 2021, and 2022, which are the source of the Schedule of Cash and Investment Balances - Regulatory Basis, were inaccurate and not reflective of the financial activity of the Township.

The AFR and Township ledgers contained the following errors:

1. We noted LIT receipts, interest income, electric utility payments, insurance payments, and mowing payments, that were either not posted to the ledger, or posted for an incorrect amount. These errors caused misstatements to receipts and disbursements posted to the ledger by the following net amounts:

<u>Years</u>	<u>Receipts</u>	<u>Disbursements</u>
2018	\$ 806	\$ 49
2019	(778)	(175)
2020	(794)	1,206
2022	944	235

2. An adjusted ledger balance was calculated to account for the posting errors identified above. The following variances existed between the cash and investment balances reported in the AFR, and the adjusted ledger balance:

<u>Years</u>	<u>Cash and Investments per AFR</u>	<u>Cash and Investments per Adjusted Ledger Balance</u>	<u>Variance</u>
12-31-18	\$ 102,369	\$ 111,116	\$ (8,747)
12-31-19	92,319	125,784	(33,465)
12-31-20	106,791	138,548	(31,757)
12-31-21	126,112	148,826	(22,714)
12-31-22	134,026	178,289	(44,263)

3. The Total All Funds column of the Township's ledger did not agree to the total of the balances reported in the ledger for the Township, Township Assistance, and Firefighting Funds. We noted mathematical errors, including a receipt posted in June 2020 in the amount of \$14,816, that was not properly added into the Total All Funds column balance. We also noted instances when ending balances were not properly carried forward to subsequent years.

Criteria

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)

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 51-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

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](#)."

BANK ACCOUNT RECONCILIATIONS

A similar comment also appeared in prior Report B51099.

Condition and Context

Documentation of depository reconciliations of the fund balances to the bank account balances were not provided for the engagement period. This resulted in posting and mathematical errors noted in the *Condition of Records* comment remaining undetected and uncorrected.

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)

REMITTANCE OF PAYROLL WITHHOLDINGS

Condition and Context

Social Security and Medicare taxes withheld from employees pay and the Township's matching share of those taxes were not properly remitted to the Internal Revenue Service (IRS).

We noted payroll withholdings totaling \$2,482 withheld from the Township Trustee's compensation for the years 2018 through 2022. No evidence was presented of any payments made to the IRS during the audit period.

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)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit 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 salary schedule approved by the Township Board established separate salaries for the Trustee and Clerk positions. The Clerk position was vacant during the engagement period, so those duties were performed by the Trustee, who then received the approved compensation for both positions. This resulted in the Trustee's compensation exceeding the salary approved for the Trustee by \$7,725 in total for the years 2018 through 2022.

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)

SUPPORTING DOCUMENTATION

Condition and Context

Adequate supporting documentation was not provided for disbursements totaling \$2,568 that were selected for testing.

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)

MONTHLY AND ANNUAL GATEWAY UPLOADS

Condition and Context

The Township did not upload any required monthly or annual engagement uploads to the Indiana Gateway for Government Units financial reporting system for 2018, 2019, 2020, 2021, or 2022.

Criteria

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. . . .

The following files and governmental unit information are required to be uploaded monthly . . .

- Bank Reconcilements, Bank Statements, and Outstanding Check Lists
- Approved Board Minutes . . .
- 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 (for Counties - County Treasurer)
- Detail of Receipts for the year
- Detail of Disbursements for the year
- Current year Salary Ordinance (or Schedule) and Amendments (except Schools)
- 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 . . .

(Amended State Examiner Directive 2018-1)

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
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
Total All Funds	<u>\$ 178,289</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 Robin Deputy, Trustee, and Thomas Gudgel, Chair of the Township Board, on June 14, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner