

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

SPECIAL INVESTIGATION REPORT

OF

FRANKLIN TOWNSHIP

RANDOLPH COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
10/19/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Special Investigation Results and Comments:	
Unauthorized Township Assistance Disbursements .....	4
Incomplete Township Assistance Applications and Insufficient Documentation - Questioned Costs.....	4-5
Internal Controls Related to the Administration of Township Assistance.....	5
Special Investigation Costs .....	5-6
Exit Conference.....	7
Summary of Charges .....	8

#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Allan Holly	01-01-11 to 12-31-18
Chairman of the Township Board	Sarah Brumfield	01-01-12 to 12-31-12
	Armanda Gegenheimer	01-01-13 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, RANDOLPH COUNTY

We have conducted a special investigation of the records of the Township Assistance program of Franklin Township for the period from January 1, 2012 to December 31, 2015. Our investigation was limited to all records applicable to the administration of the Township Assistance program. The purpose of our investigation was to determine if the accountability for cash and other assets are satisfactory and that the transactions related thereto are in compliance with the laws and regulations of the State of Indiana. The results of our investigation are fully described in the Special Investigation Results and Comments and Summary as listed in the Table of Contents.

This report was forwarded to the office of the Indiana Attorney General and the local prosecuting attorney.

Any Official Response included herein this report has not been examined or verified for its accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

April 11, 2016

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS

***UNAUTHORIZED TOWNSHIP ASSISTANCE DISBURSEMENTS***

We noted 13 rent payments totaling \$4,370 made by Allan Holly (Holly), Trustee, to C & P Rentals from January 1, 2012 to December 31, 2015, on behalf of a Township Assistance Applicant (Applicant 1). C & P Rentals is wholly owned and operated by Holly and his wife, as evidenced by a conflict of interest statement filed by the Trustee. A review of Applicant 1's Township Assistance application indicated their residence was in a property that was not owned by C & P Rentals, the Trustee or his wife.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 13)

We have requested Holly to reimburse the Franklin Township \$4,370 for unauthorized Township Assistance disbursements. This amount was reimbursed to the Township on April 20, 2016. (See Summary of Charges, page 8)

***INCOMPLETE TOWNSHIP ASSISTANCE APPLICATIONS AND  
INSUFFICIENT DOCUMENTATION - QUESTIONED COSTS***

During our investigation, we noted an additional 46 Township Assistance claims paid on behalf of Applicant 1 from November 29, 2012 to November 30, 2015. Additional claims paid during this period were for utilities and food and totaled \$5,442.15.

The Township Assistance applications on file for Applicant 1 were incomplete and in some cases failed to include all adults living in the household.

In 42 of the 46 instances, there was insufficient documentation provided to support the assistance payment.

An individual filing an application and affidavit on behalf of a household must provide the names of all household members and any information necessary for determining for household's eligibility for township assistance. The application must be on the form prescribed by the State Board of Accounts. IC 12-20-6-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

An application for township assistance is not considered complete until all adult members of the requesting household have signed: (1) the township assistance application; and (2) any other form, instrument, or document: (A) required by law; or (B) determined necessary for investigative purposes by the trustee, as contained in the township assistance guidelines IC 12-20-6-8. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Whenever the administrator of township assistance of any township grants township assistance aid to any indigent person, or to any other person or agency on a township assistance order as provided by law or obligates the township for any item properly payable from township assistance funds, the claim against such township, itemized and sworn to as provided by law, and accompanied by the original township assistance order, duly itemized and signed shall be checked with the records of the administrator of township assistance, audited, and certified to, as required by law by the trustee.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

The claim, with the original township assistance order or orders attached, shall then be filed for payment. All townships are now required to pay township assistance (IC 12-20 used to provide the county auditor could pay township assistance for certain townships). Such claim or claims shall be carefully reviewed and approved by the trustee as the administrator of township assistance. The township trustee shall pay claims against the township for township assistance in the same manner that other claims against the township are paid. The township trustee, when authorized to pay claims directly to vendors, shall pay a claim within forty-five (45) days. The township trustee shall pay the claim from: (1) any balance standing to the credit of the township against which the claim is filed; or (2) from any other available fund from which advancements can be made to the township for that purpose. IC 12-20-20-1. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Because of the incomplete applications and insufficient disbursement documentation described above, we consider all 46 claims paid on behalf of Applicant 1 totaling \$5,442.15 to be questioned costs.

***INTERNAL CONTROLS RELATED TO THE ADMINISTRATION OF TOWNSHIP ASSISTANCE***

The Township failed to implement the controls necessary to insure the proper administration of their Township Assistance program. No review or control procedures have been implemented to insure the proper completion of the Township Assistance applications, maintenance of the required documentation to support assistance disbursements or the validity of the disbursement for authorized purposes.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

***SPECIAL INVESTIGATION COSTS***

The State of Indiana incurred additional costs, in the amount of \$2,377.76, due to the special investigation of the Township Assistance program.

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
SPECIAL INVESTIGATION RESULTS AND COMMENTS  
(Continued)

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit.

Any outside audit costs paid, not authorized by statute, may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee.

(Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

We requested Holly to reimburse the State of Indiana \$2,377.76 for additional special investigation costs. This amount was reimbursed to the State of Indiana on April 22, 2016. (See Summary of Charges, page 8)



FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2016, with Allan Holly, Trustee, and on April 27, 2016, with Armanda Gegenheimer, Chairman of the Township Board.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Allan Holly, Trustee:			
Unauthorized Township Assistance Disbursements, page 4	\$ 4,370.00	\$ 4,370.00	\$ -
Special Investigation Costs, pages 5 and 6	<u>2,377.76</u>	<u>2,377.76</u>	<u>-</u>
Totals	<u>\$ 6,747.76</u>	<u>\$ 6,747.76</u>	<u>\$ -</u>