

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

SPECIAL COMPLIANCE REPORT

OF

FRANKLIN COUNTY, INDIANA

January 1, 2013 to September 16, 2016



**FILED**  
03/22/2017



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**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF FRANKLIN COUNTY, INDIANA

This is a special compliance report for Franklin County (County), for the period January 1, 2013 to September 16, 2016, and is in addition to any other report for the County as required under Indiana Code 5-11-1. All reports pertaining to the County may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

We performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts and were limited to records associated with Payroll, Receipts, Disbursements, Public Purchases and Internal Controls. The 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.

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

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

January 19, 2017

## FRANKLIN COUNTY RESULTS AND COMMENTS

### ***PAYMENTS IN ADVANCE OF SERVICES***

Each year Franklin County contracted with attorneys to provide legal services to indigent criminal defendants in the Franklin County Circuit Court. Pauper attorney fees were paid to various legal firms in advance of services when the County paid the entire annual contract amounts in January and/or February of each year. Amounts paid in advance were \$107,700 for 2013, \$45,000 for 2014, \$90,000 for 2015, and \$90,000 for 2016. We found no reconciliation for the actual hours of legal services provided to the contract amounts paid at the beginning of the year.

Compensation and any other payments for goods and services should 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 Counties, Chapter 1)

### ***ERRORS ON CLAIMS***

A review of claims identified the following deficiencies:

Claims for one vendor did not have adequate supporting documentation. This error resulted in unsupported disbursements to the vendor in the amounts of \$192,100 in 2014, \$263,877 in 2015, and \$171,717 through September 16, 2016.

During 2013, several claims for legal services were paid to a legal firm which did not contain sufficient detail to determine what attorney provided the services, what services were provided, and at what rate the services were billed.

In addition, a review of payroll claims for 2015 and 2016 identified the Auditor's "Filed" signature stamp was included in the "Filed" location on the payroll claims; however, the "certification of the Disbursing Officer" signature line on the payroll claim was not signed by the Auditor or stamped with the Auditor's signature.

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;

FRANKLIN COUNTY  
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(Continued)

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-11-9-2 states: "On and after January 1, 1948, all accounts or vouchers of any political subdivision of the state for personal services of officers and employees shall be made in such form as may be prescribed by the state board of accounts."

Indiana Code 5-11-9-3 states:

"Certification of said vouchers and accounts shall be made by the elected officer, head of department, division, board, body, bureau, or political subdivision or by such authority or authorities in the office, department, division, board, body, bureau, or political subdivision as shall be designated by the elected officer, head of the department, division, board, body, bureau or political subdivision by rule or written direction filed with the officer authorized by law to audit such accounts and vouchers."

**PUBLIC PURCHASES**

The County purchased a prefabricated bridge on June 1, 2015, for Stockpile Road. The cost of the bridge was \$190,236. The Commissioners had awarded the 2015 annual bids for steel bridges to the vendor on December 8, 2014. However, this bridge did not comply with the annual bid specifications advertised and awarded by the Commissioners. The bridge purchased was not the same size as the various sizes included in the annual bid specifications or the bid presented and awarded to the vendor. In addition, the Commissioners' minutes for November 10, 2014, stated a Commissioner proposed replacing an existing 10 foot concrete slab (bridge) on Stockpile Road with a 24 foot wide by 85 foot long steel bridge. The minutes indicated that the acceptance of the bid in the amount of \$190,236 from the vendor was in order to lock in the current price. There was no previous discussion regarding letting bids for a bridge on Stockpile Road noted in the Commissioners' minutes prior to November 10, 2014. The Commissioners were unable to provide evidence of any separate advertising for the bid specifications, bid opening, and bid awarding for the November 10, 2014 award date.

Indiana Code 5-22-7-2 states:

- "(a) A purchasing agent shall issue an invitation for bids.
- (b) An invitation for bids must include the following:
  - (1) purchase description.
  - (2) All contractual terms and conditions that apply to the purchase.

FRANKLIN COUNTY  
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- (3) A statement of the evaluation of criteria that will be used, including any of the following:
  - (A) Inspection.
  - (B) Testing.
  - (C) Quality.
  - (D) Workmanship.
  - (E) Delivery.
  - (F) Suitability for a particular purpose.
  - (G) The requirement imposed under IC 5-22-3-5.
- (4) The time and place for opening the bids.
- (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
- (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under IC 5-22-18-2."

Indiana Code 5-22-7-5(a) states: "The purchasing agency shall give notice of the invitation for bids in the manner required by IC 5-3-1."

Indiana Code 5-22-7-6 states: "The purchasing agent shall open bids publicly in the presence of one (1) or more witnesses at the time and place designated in the invitation for bids."

Indiana Code 5-22-7-7 states:

"Bids must be:

- (1) Unconditionally accepted without alteration or correction, except as provided in sections 11 through 13 of this chapter; and
- (2) evaluated based on the requirements provided in the invitation for bids."

Indiana Code 5-22-7-8 states: "A contract must be awarded with reasonable promptness by written notice to the lowest responsible and responsive bidder."

Indiana Code 5-22-7-9 states:

"(a) The purchasing agency shall maintain the following information:

- (1) The name of each bidder.
- (2) The amount of each bid.

FRANKLIN COUNTY  
RESULTS AND COMMENTS  
(Continued)

(3) Other information required by this article and the rules adopted.

(b) The information described in subsection (a) is subject to public inspection after each contract award."

***PRESCRIBED FORMS***

The Commissioners awarded bids for purchase of supplies and for bridge construction projects during 2014, 2015, and 2016 but did not maintain County Form 115, Bidders Record, or an approved alternative form.

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

***JUDICIAL PAYROLL***

In 2014, the County paid supplemental judges pay in the amount of \$5,000 each directly to two judges instead of remitting the supplemental pay to the Auditor of the State of Indiana for payment.

Indiana Code 33-38-5-6 states:

"(a) The annual salary of each full-time judge of a circuit, superior, municipal, county, or probate court is one hundred ten thousand five hundred dollars (\$110,500), as adjusted after June 30, 2006, under section 8.1 of this chapter, paid by the state. In addition, a judge under this section may receive any additional salary provided by the county under IC 36-2-5-14 or IC 36-3-6-3(c). The state shall deposit quarterly the money received from the counties under subsection (c) for additional salary in the state general fund.

(b) Before November 2 of each year, the county auditor of each county shall certify to the division of state court administration the amounts, if any, to be provided by the county during the ensuing calendar year for judges' salaries under IC 36-2-5-14 or IC 36-3-6-3(c)."

***SICK LEAVE POLICY***

Per a review of payroll vouchers, a highway department employee whose hire date was March 27, 2015, was paid for 36 sick leave hours during the time period from March 27, 2015 to December 18, 2015. According to the County's personnel policy manual, during 2015 employees did not earn sick leave until they had been employed for one year. The Commissioners amended the personnel policy with an effective date of December 21, 2015, to grant full-time employees 6.5 sick leave hours every 52 calendar days of employment with the County during their first year.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)



FRANKLIN COUNTY  
RESULTS AND COMMENTS  
(Continued)

***SALARY ORDINANCE***

The salary ordinance is established by the County Council (Council), and there should be controls in place to ensure compliance with the local ordinances. We noted during our review of payroll that there were insufficient controls in place to ensure compensation was paid in compliance with the salary ordinance.

During a review of Board of Commissioners' minutes for 2015, we noted that the Commissioners approved paying a new employee at 100 percent during the first 90 days of employment which was not in accordance with the salary ordinance approved by the Council. The Commissioners did not recommend and Council did not approve an amendment to the Salary Ordinance for this employee's position.

In reviewing the 2016 payroll, we also noted that employees who worked for more than one department/position in the County at two different pay rates, were being paid at the highest rate for both positions which was not in accordance with the salary ordinance approved by the Council. The Commissioners did not recommend and Council did not approve an amendment to the salary ordinance authorizing payment at the higher rate for employees who worked for more than one department/position in the County. In November of 2016, the Council approved an amendment of the salary ordinance effective retroactively to April 1, 2016, to correct the non-compliance.

Indiana Code 36-2-5-3(a) states:

"The county fiscal body shall fix the compensation of officers, deputies, and other employees whose compensation is payable from the county general fund, county highway fund, county health fund, county park and recreation fund, aviation fund, or any other fund from which the county auditor issues warrants for compensation. This includes the power to:

- (1) fix the number of officers, deputies, and other employees;
- (2) describe and classify positions and services;
- (3) adopt schedules of compensation; and
- (4) hire or contract with persons to assist in the development of schedules of compensation."

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 County Auditors of Indiana, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code IC 5-11-1-12(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in a 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:

FRANKLIN COUNTY  
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"Controls 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."

**EMPLOYEE TIMEKEEPING**

Some employees who work for more than one department of the County do not have a detailed record of time worked in each position.

Indiana Code 5-11-9-4 states:

"(a) The state board of accounts is hereby authorized to prescribe the forms of accounts and vouchers provided for by sections 1 and 2 of this chapter.

(b) The state board of accounts shall require that records be maintained showing which hours were worked each day by officers and employees:

(1) covered by section 1 or 2 of this chapter; and

(2) employed by more than one (1) public agency or in more than one (1) position by the same public agency described in section 1 or 2 of this chapter."

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. We have been asked if for those working in two different positions for the same unit if prescribed form 99A, The Employee Service Record, is sufficient and if one or two service records must be maintained. While form 99A shows the number of hours worked, it does not show which hours were worked in each position. For this reason we require a log be maintained that reflects which hours are worked. If an employee is working in two different positions in the same unit we will not take exception to one form 99A being maintained but a log must also be maintained to reflect which hours were worked in each position. (*The County Bulletin and Uniform Compliance Guidelines*, Vol. 392, April 2014)

FRANKLIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 19, 2017, with Thomas Wilson, President of the Board of Commissioners; Stephen Brack, former Auditor; Daryl Kramer, former Council member; Karla Bauman, Auditor; Rebecca Oglesby, President of the Council; Keith A. Hall, Council member; Aaron Leffingwell, Council member; and Eric Roberts, Board of Commissioners.

FRANKLIN COUNTY COUNCIL

1010 Franklin Ave.  
Brookville, IN 47012

Rebecca Oglesby, President  
Keith Hall  
Joe Sizemore  
Glenn Bischoff

Jeff Koch, Vice President  
Aaron Leffingwell  
Dean McQueen

January 24, 2017

"OFFICIAL RESPONSE"

State Board of Accounts  
302 West Washington St., RM E 418  
Indianapolis, IN 46204-2765

RE: Franklin County – Exit conference of January 19, 2017

Dear State Board of Accounts:

On January 19, 2017, Ms. Kim Wesley, and her assistant, went over various items pertaining to the Exit Conference for our county. The following is our response as Franklin County Council on one topic that was in this report:

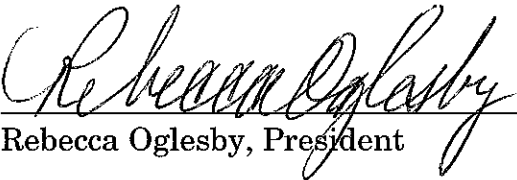
There was a finding that the Small Animal Control person, who was working part-time from April 2016 through present, of earning more than the salary ordinance states for the per hour salary. We were not aware of this situation until October. The original full time person had some medical issues, so the Commissioners tried to find a part-time person, but the only person who was willingly to do the job was the full time Transfer Station supervisor. He did the SAC during his off hours, unless there was an emergency.

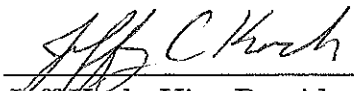
To compensate for his effort in providing this service, the Commissioners asked us to pay his normal hourly rate from the Transfer Station towards his SAC job, which was a less rate per hour, a difference of \$1.91/hr.

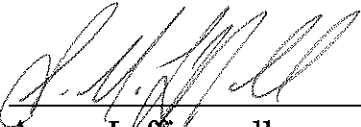
Our attorney drew up Ordinance 2016-34 which was approved at our November 22, 2016 meeting, which is attached hereto, making the adjustment of salary for this particular situation only.

We, the following undersigned council members, have tried to carry out the laws of our great State of Indiana, and ask that our response to this exit conference, on this particular topic, is satisfactory to your agency.

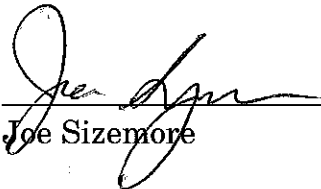
If you have any further questions, please call or e-mail directly to the President of Franklin County Council.

  
Rebecca Oglesby, President

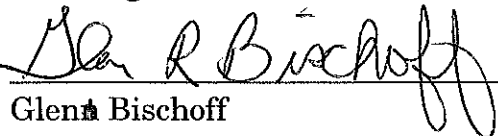
  
Jeff Koch, Vice-President

  
Aaron Leffingwell

  
Keith Hall

  
Joe Sizemore

  
Dean McQueen

  
Glen Bischoff

Enclosure

e-mail: [ldavid@sboa.in.gov](mailto:ldavid@sboa.in.gov)

[kwesley@sboafe.in.gov](mailto:kwesley@sboafe.in.gov)

ORDINANCE NO. 2016- 34

AN ORDINANCE AMENDING THE 2016 SALARY ORDINANCE

WHEREAS, the Franklin County Council (the "Council") is authorized to set salaries under I.C. § 36-2-5-3:

WHEREAS, the Council now desires to amend the 2016 Salary Ordinance; and

WHEREAS, the Council has funds available to it in the salary adjustment line of the 2016 Salary Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE FRANKLIN COUNTY COUNCIL, AS FOLLOWS:

1. The Council hereby directs that any Small Animal Control Part-Time work be increased up to a maximum \$15.10 per hour from its current rate of \$13.19 per hour, with the differential drawn from the salary adjustment line.
2. This change shall be to allow other Franklin County employees to temporarily fill this position and still earn their current standard hourly rate (i.e. the rate they make at their standard position). If an employee temporarily filling the Small Animal Control position earns less than \$15.10 per hour, he/she shall earn his/her actual hourly rate.
3. Any employee exceeding 40 <sup>hrs</sup> total between his or her standard job and the Small Animal Control Part-Time position shall be paid overtime from the Small Animal Control position via the salary adjustment line.
4. This change be effective immediately and be made retroactive to April 1, 2016.
5. It is understood that this is a temporary change and that the Small Animal Control Part-Time position shall revert to the scheduled rate for 2017 pursuant to the 2017 salary ordinance.

BE IT NOW ORDAINED AND ADOPTED this 22 day of November, 2016, by a vote  
of \_\_\_\_\_ aye, \_\_\_\_\_ nay, and \_\_\_\_\_ abstain, by the

COUNTY COUNCIL OF FRANKLIN COUNTY, INDIANA

Approving Members:

Becky Oglesby

Printed: Becky Oglesby

Dean McQueen

Printed: DEAN McQUEEN

Joe Lynn

Printed: Joe Lynn

Kent Hall

Printed: KENT HALL

Daryl Kramer

Printed: DARYL KRAMER

Jeff Koch

Printed: Jeff Koch

Aaron M. Lettingwell

Printed: Aaron M. Lettingwell

Disapproving Members:

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

Printed: \_\_\_\_\_

ATTEST:

Steve Brack

STEVE BRACK, FRANKLIN COUNTY AUDITOR  
FRANKLIN COUNTY, INDIANA