



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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August 3, 2023

TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, OWEN COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Franklin Township (Township), Owen County, for the period of January 1, 2019 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](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**

**CERTIFIED REPORT FILED AFTER DUE DATE**

*Condition and Context*

The Township's Certified Report of Names, Address, Duties, and Compensation of Public Employees (Form 100R) for 2020 was not filed electronically until February 24, 2021, which was 24 days past the due date, and for 2021 was not filed electronically until March 10, 2022, which was 38 days past the due date.

*Criteria*

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts . . . The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

## **ADOPTION OF, AND CERTIFICATION ON, INTERNAL CONTROL STANDARDS**

A similar comment appeared in prior Report B55336, entitled *ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS*.

### *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.

In addition, 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).

No policy was presented for audit.

### *Criteria*

Indiana Code 5-11-1-27(g) states:

"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; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

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](#)."

## **BOARD REORGANIZATION INCOMPLETE - BOARD MINUTES MISSING**

### *Condition and Context*

The Township Board did not organize and/or document organization per Indiana Code in 3 of 4 years (2019, 2021, 2022) during the engagement period.

The Township Board did not designate a chair and secretary in the Township Board organization minutes for 2020.

The Township Board did not provide adequate detail when recording the minutes. It was unclear whether the records provided included the minutes for all meetings held during the engagement period.

## *Criteria*

Indiana Code 36-6-6-7 states:

"(a) The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chair for that year and one (1) member as secretary for that year.

(b) If a newly elected legislative body holds a special meeting before the first Tuesday after the first Monday in the January following its election, it shall elect a chair and a secretary before conducting any other business. The chair and secretary elected at the special meeting retain those positions until the first Tuesday after the first Monday in January of the year following the special meeting."

Indiana Code 36-6-6-8 states:

"The legislative body shall keep a permanent record of its proceedings in a book furnished by the executive. The secretary of the legislative body shall, under the direction of the legislative body, record the minutes of the proceedings of each meeting in full and shall provide copies of the minutes to each member of the legislative body before the next meeting is convened. After the minutes are approved by the legislative body, the secretary of the legislative body shall place the minutes in the permanent record book. The chair of the legislative body shall retain the record in the chair's custody."

Indiana Code 5-14-1.5-4 states in part:

". . . (b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken by individual members if there is a roll call.
- (5) Any additional information required under section 3.5 or 3.6 of this chapter or any other statute that authorizes a governing body to conduct a meeting using an electronic means of communication.

(c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

## **MONTHLY AND ANNUAL UPLOADS**

### *Condition and Context*

The Township did not comply with the State Examiner Directive and failed to upload all monthly and annual uploads on the Indiana Gateway for Government Units financial reporting system for 2019.

Additionally, the Township did not comply with the State Examiner Directive and failed to upload:

- Regular Township Board minutes (including annual Board reorganization for 2021, 2022).
- Annual vendor history reports.

### *Criteria*

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)

Beginning with July 2018 files, which will be due September 15, 2018, all cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. (State Examiner Directive 2018-1)

## **TIMELY RECORDING OF RECEIPTS**

### *Condition and Context*

The Township failed to post a LIT receipt for \$16,178 in 2019 to its ledger.

### *Criteria*

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)

## **BANK ACCOUNT RECONCILIATIONS**

### *Condition and Context*

Bank statements with reconciliations were uploaded to Indiana Gateway for Government Units (Gateway) financial reporting system by the Township for the years ending December 31, 2020, 2021, and 2022. Likewise, monthly bank statements, including reconciliations, were uploaded for the compliance testing of February 2020, March 2021, June 2021, August 2022, and October 2022. However, none of the adjusted bank statement balances reconciled to financial records for the corresponding periods. Specifically, bank balances and handwritten funds ledgers do not agree with the annual ledger uploaded to Gateway, nor the financial records and reports. Reconciliations were being performed with unidentified differences.

### *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."

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
Township	\$ 22,426
Township Assistance	17,936
Fire Fighting	31,306
Rainy Day	<u>3,381</u>
Total	<u>\$ 75,049</u>

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

The contents of this report were communicated to Leroy Gentry, Trustee, and Denise Line, Township Board member, on July 19, 2023.

Respectfully,



Beth Kelley, CPA, CFE  
Deputy State Examiner