

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

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

COMPLIANCE ENGAGEMENT REPORT

OF

FRANKLIN TOWNSHIP

HENDRICKS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED

04/04/2025

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Sharon Fruits Luanne Reitzel	01-01-20 to 12-31-22 01-01-23 to 12-31-25
President of the Library Board	Sharen Ryland Dwayna Alkire	01-01-20 to 12-31-22 01-01-23 to 12-31-25



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INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, HENDRICKS 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), for the period of January 1, 2020 to December 31, 2023. The objective of this engagement was to determine compliance with applicable Indiana laws, regulations, and uniform compliance guidelines (Guidelines) established by the Indiana State Board of Accounts pursuant to Indiana Code 5-11-1-24. The objective of this engagement is not to opine on compliance or financial activity of the Township as this engagement was not conducted in accordance with any standards established by an authoritative standard setting body, and, as such, we do not provide any opinions on compliance or financial activity.

Management is responsible for preparing and maintaining its accounting records and related documents in accordance with applicable Indiana laws, regulations, and Guidelines. Management's responsibility also includes, but is not limited to, complying with other applicable Indiana laws, regulations, and Guidelines concerning how it operates: authorized sources and uses of funds; what reports are required to be prepared and filed; and what depositories and investment types are allowable.

We fulfilled our responsibility as detailed in the first paragraph, using procedures that verified the appropriate accounting for and reporting of cash, receipts, and disbursements; and the appropriate sources and uses of funds in accordance with applicable Indiana laws, regulations, and Guidelines. Expanding the scope and nature of these procedures can and does occur in specific circumstances.

The Comments contained herein, if any, describe the identified reportable instances of noncompliance found during our engagement. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified. Any Official Response to the Comments incorporated within this report was not verified for accuracy.

The Schedule of Officials and Statements of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis (Statements) are informational only. The Statements have not been subjected to any procedures designed to express an opinion or provide any assurance on them, and, accordingly, we do not express an opinion or provide any assurance on them.

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. Reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>, and the Township's Annual Financial Reports filed by management can be found on the Indiana Gateway for Government Units financial reporting system website: <http://www.gateway.ifionline.org>.

The contents of this report were communicated to Luanne Reitzel, Trustee, and Stephanie Cummins, Financial Advisor, on March 4, 2025.



Beth Kelley, CPA, CFE
Deputy State Examiner

February 18, 2025

FRANKLIN TOWNSHIP, HENDRICKS COUNTY
COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

A review of the Township's Annual Financial Report (AFR) submission was conducted to verify its timeliness. Due to a lack of internal controls, the Township did not submit its AFRs in a timely manner. The Township submitted its AFRs after the deadline for calendar years 2020, 2021, and 2023 by 12 days, 1 day, and 33 days, respectively.

Criteria

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Townships, Chapter 1)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the 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:

"Control 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.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

TOWNSHIP ASSISTANCE SUPPORTING DOCUMENTATION

Condition and Context

Eight Township Assistance transactions were selected for testing. Due to a lack of internal controls, the Township did not provide the Notice of Township Assistance Action, TA-1A; Township Assistance Purchase Order, TA-2; or Application for Additional or Continuing Township Assistance, TA-1B, for any of these transactions. For five out of the eight selected transactions, the Application for Township Assistance, TA-1, was not adequately completed.

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)

FRANKLIN TOWNSHIP, HENDRICKS COUNTY
COMMENTS
(Continued)

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)

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MONTHLY AND ANNUAL UPLOADS

Condition and Context

Due to a lack of internal controls, the Township did not upload any Township Board minutes during the engagement period and only 14 bank statements were uploaded. None of the monthly fund ledgers were uploaded in 2023 and the December 2023 bank reconciliation was not uploaded.

Criteria

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)

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. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1, Updated November 9, 2020, and effective with uploads due February 15, 2021, February 15, 2022, February 15, 2023, and February 15, 2024)

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 3)

FRANKLIN TOWNSHIP, HENDRICKS COUNTY
COMMENTS
(Continued)

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the 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:

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STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS

FRANKLIN TOWNSHIP, HENDRICKS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
Township	\$ 154,431	\$ 13,292	\$ 10,316	\$ 157,407	\$ 13,747	\$ 51,792	\$ 119,362
Township Assistance	83,473	19,719	12,291	90,901	15,667	7,678	98,890
Fire Fighting	43,875	71,204	48,881	66,198	75,122	48,880	92,440
Rainy Day	14,884	-	-	14,884	-	-	14,884
Cumulative Fire	44,509	265	-	44,774	260	-	45,034
Totals	<u>\$ 341,172</u>	<u>\$ 104,480</u>	<u>\$ 71,488</u>	<u>\$ 374,164</u>	<u>\$ 104,796</u>	<u>\$ 108,350</u>	<u>\$ 370,610</u>

FRANKLIN TOWNSHIP, HENDRICKS COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS,
 AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended December 31, 2022 and 2023

Fund	Cash and Investments 01-01-22	Receipts	Disbursements	Cash and Investments 12-31-22	Receipts	Disbursements	Cash and Investments 12-31-23
Township	\$ 119,363	\$ 17,989	\$ 10,089	\$ 127,263	\$ 59,726	\$ 14,491	\$ 172,498
Township Assistance	98,891	18,046	9,815	107,122	22,406	4,783	124,745
Fire Fighting	92,439	78,259	73,880	96,818	102,461	48,940	150,339
Rainy Day	14,884	-	-	14,884	-	-	14,884
Cumulative Fire	45,034	293	13,738	31,589	317	-	31,906
Totals	<u>\$ 370,611</u>	<u>\$ 114,587</u>	<u>\$ 107,522</u>	<u>\$ 377,676</u>	<u>\$ 184,910</u>	<u>\$ 68,214</u>	<u>\$ 494,372</u>