

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FRANKLIN TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED
04/08/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Debra Barnes	01-01-11 to 12-31-18
Chairman of the Township Board	Rose Hoffman Frieda Pickering	01-01-13 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of Franklin Township (Township), for the period from January 1, 2013 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Township. It should be read in conjunction with our Financial Statement Examination Report of the Township, which provides our opinion on the Township's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination 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.

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

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

November 18, 2015

FRANKLIN TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS

SALARY RESOLUTION

A salary resolution was not presented for examination for 2013.

Indiana Code 36-6-6-10(b):

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages;
- (3) rates of hourly pay; and
- (4) remuneration other than statutory allowances; of all officers and employees of the township."

Township Form No. 17 (revised 2008) has been prescribed to fulfill the requirements of the statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

1099s NOT ISSUED

The Township paid the Trustee \$2,400 in both 2013 and 2014 for rental of a home office. The Township did not issue a 1099 for these rental payments to the Trustee.

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CAPITAL ASSET RECORDS

The Township did maintain a record of assets purchased for the fire department; however, the Township did not provide an inventory of all Township capital assets. Assets purchased for the Township office were not included on an inventory listing including assets purchased during the period of examination such as a laptop computer, computer desk, and leather rolling briefcase.

FRANKLIN TOWNSHIP, HENRY COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 19)

OPTICAL IMAGES

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

Indiana Code 5-15-6-3(a) stated in part during the examination period:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Indiana Code 26-2-8-111(a) states:

"If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

FRANKLIN TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2015, with Debra Barnes, Trustee.