

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

COMPLIANCE REPORT  
OF  
FRANKLIN TOWNSHIP  
RANDOLPH COUNTY, INDIANA  
January 1, 2016 to December 31, 2020



**FILED**  
05/18/2022



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Results and Comments:	
Adoption of, and Training on, Internal Control Standards .....	4
Certification on Internal Control Standards .....	4
Annual Nepotism and Contracting Certifications .....	4-5
Capital Assets .....	5
Township Assistance Standards .....	5-6
Incomplete Township Assistance Applications and Insufficient Documentation .....	6-7
Unauthorized Township Assistance Disbursements .....	7-8
Exit Conference .....	9
Summary of Charges .....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Allan Holly	01-01-16 to 12-31-22
Chair of the Township Board	Amanda Genenheimer	01-01-16 to 12-31-19
	Deanna Frantz	01-01-20 to 12-31-20
	Laura Northcutt	01-01-21 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF FRANKLIN TOWNSHIP, RANDOLPH 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), Randolph County, for the period of January 1, 2016 to December 31, 2020, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

The Township's Annual Financial Report information can be found on the Indiana Gateway for Government Units financial reporting system website: <https://gateway.ifionline.org> and has not been subjected to any audit procedures.

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

March 11, 2022

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
RESULTS AND COMMENTS

**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 during the engagement period. In addition, Township employees whose official duties included receiving, processing, depositing, disbursing, or otherwise having access to funds that belonged to the Township, had not received training over internal control standards that was developed or approved by the Indiana State Board of Accounts.

*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."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

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); however, during the engagement, the Trustee indicated that the Township had not adopted the minimum internal control standards. In addition, the Township certified on Gateway that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Township; however, during the engagement, the Trustee indicated that all personnel had not received training concerning the internal control standards.

*Criteria*

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](#)."

**ANNUAL NEPOTISM AND CONTRACTING CERTIFICATIONS**

This is a repeat comment from prior Report B46587.

*Condition and Context*

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2016, 2017, 2018, 2019, and 2020.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
RESULTS AND COMMENTS  
(Continued)

Each elected officer did not certify in writing that they had not violated Indiana Code 36-1-21 (Contracting with a Unit) by December 31, 2016, 2017, 2018, 2019, and 2020.

*Criteria*

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

**CAPITAL ASSETS**

*Condition and Context*

The Township had not adopted a capital asset policy, conducted a physical inventory, or maintained a detailed listing of capital assets.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 396) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform compliance Guidelines manual for Townships, Chapter 1)

**TOWNSHIP ASSISTANCE STANDARDS**

The same comment also appeared in prior Report B46587.

*Condition and Context*

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1.

*Criteria*

Indiana Code 12-20-5.5-1 states in part:

"(a) The township trustee shall process all applications for township assistance according to uniform written standards and without consideration of the race, creed, nationality, or gender of the applicant or any member of the applicant's household.

(b) The township's standards for the issuance of township assistance and the processing of applications must be:

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
RESULTS AND COMMENTS  
(Continued)

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed. . . ."

***INCOMPLETE TOWNSHIP ASSISTANCE APPLICATIONS AND INSUFFICIENT DOCUMENTATION***

A similar comment also appeared in prior Report B46587 and in Report B47045, entitled *INCOMPLETE TOWNSHIP ASSISTANCE APPLICATIONS AND INSUFFICIENT DOCUMENTATION - QUESTIONED COSTS*.

*Condition and Context*

We reviewed nineteen Township Assistance claims and noted the following exceptions:

1. Six claims did not have an Application for Township Assistance (TA-1) or the Application for Township Assistance (TA-1) was incomplete and did not support the claim.
2. One claim did not have an Application for Township Assistance (TA-1) or a check to support the claim.
3. Four claims, for utility bills, did not contain adequate or any documentation to support the amount paid by the Trustee for the assistance.
4. All applications for Township Assistance (TA-1) did not have documentation of Trustee investigation to support the claim.

*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)

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  
RESULTS AND COMMENTS  
(Continued)

The claim, with the original township assistance order or orders attached, shall then be filed for payment. All townships are required to pay township assistance. 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

Payment of all claims should be directly to a vendor and should never be to a township assistance applicant. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 6)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any official or employee may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

**UNAUTHORIZED TOWNSHIP ASSISTANCE DISBURSEMENTS**

A similar comment also appeared in prior Report B47045.

*Condition and Context*

Nine rent payments totaling \$2,725 were made by Allan Holly (Holly), Trustee, to C & P Rentals from January 1, 2016 to December 31, 2020, on behalf of Township Assistance applicants. 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 in 2016.

In 2017, 2018, 2019, and 2020, neither a conflict of interest disclosure statement was filed on the Indiana Gateway for Government Units (Gateway) financial reporting system, nor was documentation provided that the Township consulted an attorney regarding disclosure for the Trustee's interest in C & P Rentals. Conflict of interest disclosures must be completed and filed on Gateway

We have requested Holly to reimburse Franklin Township \$2,725 for unauthorized Township Assistance disbursements. This amount was reimbursed to the Township on March 11, 2022. (See Summary of Charges, page 10)

*Criteria*

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 1)

Indiana Code 35-44.1-1-4 states in part:

". . . (b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Level 6 felony.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
RESULTS AND COMMENTS  
(Continued)

- (c) It is not an offense under this section if any of the following apply: . . .
- (6) A public servant makes a disclosure that meets the requirements of subsection (d) or (e) and is:
    - (A) not a member or on the staff of the governing body empowered to contract or purchase on behalf of the governmental entity, and functions and performs duties for the governmental entity unrelated to the contract or purchase;
    - (B) appointed by an elected public servant;
    - (C) employed by the governing body of a school corporation and the contract or purchase involves the employment of a dependent or the payment of fees to a dependent;
    - (D) elected; or
    - (E) a member of, or a person appointed by, the board of trustees of a state supported college or university. . . .
- (d) A disclosure must:
- (1) be in writing;
  - (2) describe the contract or purchase to be made by the governmental entity;
  - (3) describe the pecuniary interest that the public servant has in the contract or purchase;
  - (4) be affirmed under penalty of perjury;
  - (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
  - (6) be filed within fifteen (15) days after final action on the contract or purchase with:
    - (A) the state board of accounts; and
    - (B) . . . the clerk of the circuit court in the county where the governmental entity takes final action on the contract or purchase . . ."

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2022, with Allan Holly, Trustee; Deanna Frantz, Township Board member; and Laura Northcutt, Chair of the Township Board.

FRANKLIN TOWNSHIP, RANDOLPH COUNTY  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Allan Holly, Trustee:			
Unauthorized Township Assistance			
Disbursements, page 8	\$ <u>2,725</u>	\$ <u>2,725</u>	\$ <u>-</u>
Totals	<u>\$ 2,725</u>	<u>\$ 2,725</u>	<u>\$ -</u>

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