

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

SUPPLEMENTAL CHARGE REPORT

OF

FRANKLIN TOWNSHIP

HENRY COUNTY, INDIANA

January 1, 2013 to December 31, 2014



FILED

04/08/2016

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|--|-------------|
| Schedule of Officials | 2 |
| Transmittal Letter | 3 |
| Supplemental Charge Results and Comments: | |
| Overpayment of Mileage Reimbursement..... | 4 |
| Overpayment of Cell Phone Reimbursements | 4-6 |
| Payments for Personal Expenses | 6 |
| Internal Control Deficiencies..... | 6-7 |
| Exit Conference..... | 8 |
| Official Response | 9 |
| Summary of Charges | 10 |

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

STATE BOARD OF ACCOUNTS
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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 noncompliance resulting in charges 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, and the Supplemental Compliance Report of the Township, which reports examination results and comments that pertain to the Township. These reports 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 results of our examination are fully described in the Supplemental Charge Results and Comments and Summary of Charges as listed in the Table of Contents.

Any Official Response to the Supplemental Charge 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
SUPPLEMENTAL CHARGE RESULTS AND COMMENTS

OVERPAYMENT OF MILEAGE REIMBURSEMENT

For 2014, Debra Barnes, Trustee, was reimbursed for 391 miles driven at a rate of .56 per mile; however, the state approved rate during 2014 was .44 per mile, resulting in an overpayment to the Trustee in the amount of \$46.92 for 2014.

The Township Trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees (IC 36-6-8-3). (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

Debra Barnes, Trustee, was requested to reimburse the Township \$46.92 for the overpayment of mileage reimbursement. (See Summary of Charges, page 10)

Debra Barnes, Trustee, reimbursed the Township \$46.92 on November 19, 2015. (See Summary of Charges, page 10)

OVERPAYMENT OF CELL PHONE REIMBURSEMENTS

During 2013 and 2014, checks were issued to Debra Barnes, Trustee, for reimbursement of cell phone services totaling \$1,178.26.

The amount reimbursed was half of the cost of the family share plan, which was used by multiple phones during the period examined. The amount allowable for reimbursement was half of the portion of the bill attributed to the phone number used by Debra Barnes, Trustee, which is one-fourth of the family share plan. This resulted in an overpayment of \$379.53 for the period examined. The following schedule details cell phone reimbursements to Debra Barnes, Trustee:

| | Number of Phones on Family Plan | Family Share Billing | Share Allocated To Personal Use | Share Allocated To Township | Amount Reimbursed | Overpayment |
|---------------------------------------|--|----------------------------|--|--------------------------------------|----------------------|---------------|
| January 2013 | 3 | \$ 133.56 | \$ 89.04 | \$ 44.52 | \$ 40.00 | \$ (4.52) |
| February 2013 | 2 | 133.55 | 100.16 | 33.39 | 40.00 | 6.61 |
| March 2013 | 2 | 133.53 | 100.15 | 33.38 | 40.00 | 6.62 |
| April 2013 | 2 | 133.40 | 100.05 | 33.35 | 40.00 | 6.65 |
| May 2013 | No bill provided | | | | 40.00 | 6.65 |
| June 2013 | No bill provided | | | | 40.00 | 6.65 |
| Total check 2888 on June 17, 2013 | | <u>534.04</u> | <u>389.40</u> | <u>144.64</u> | <u>240.00</u> | <u>28.66</u> |
| July 2013 | 2 | 134.75 | 101.06 | 33.69 | 60.71 | 27.02 |
| August 2013 | 2 | 135.20 | 101.40 | 33.80 | 60.71 | 26.91 |
| September 2013 | 2 | 173.38 | 130.04 | 43.34 | 80.02 | 36.68 |
| October 2013 | 2 | 147.76 | 110.82 | 36.94 | 67.20 | 30.26 |
| November 2013 | 2 | <u>141.85</u> | <u>106.39</u> | <u>35.46</u> | <u>64.25</u> | <u>28.79</u> |
| Total check 2917 on December 22, 2013 | | <u>732.94</u> | <u>549.71</u> | <u>183.23</u> | <u>332.89</u> | <u>149.66</u> |
| January 2014 | 2 | 123.70 | 92.78 | 30.92 | 55.43 | 24.51 |
| February 2014 | 2 | 131.87 | 98.90 | 32.97 | 55.43 | 22.46 |
| March 2014 | 2 | 133.01 | 99.76 | 33.25 | 55.44 | 22.19 |
| April 2014 | 2 | 131.45 | 98.59 | 32.86 | 55.44 | 22.58 |
| May 2014 | 2 | 131.24 | 98.43 | 32.81 | 55.44 | 22.63 |
| June 2014 | 2 | <u>131.68</u> | <u>98.76</u> | <u>32.92</u> | <u>55.44</u> | <u>22.52</u> |
| Total check 2951 on July 7, 2014 | | <u>782.95</u> | <u>587.22</u> | <u>195.73</u> | <u>332.62</u> | <u>136.89</u> |

FRANKLIN TOWNSHIP, HENRY COUNTY
 SUPPLEMENTAL CHARGE RESULTS AND COMMENTS
 (Continued)

| | Number of Phones on Family Plan | Family Share Billing | Share Allocated To Personal Use | Share Allocated To Township | Amount Reimbursed | Overpayment |
|---------------------------------------|--|----------------------------|--|--------------------------------------|----------------------|------------------|
| July 2014 | 2 | 131.78 | 98.84 | 32.94 | 45.55 | 12.61 |
| August 2014 | 2 | 131.78 | 98.84 | 32.94 | 45.44 | 12.50 |
| September 2014 | 2 | 131.78 | 98.84 | 32.94 | 45.44 | 12.50 |
| October 2014 | 2 | 131.88 | 98.91 | 32.97 | 45.44 | 12.47 |
| November 2014 | 2 | 131.88 | 98.91 | 32.97 | 45.44 | 12.47 |
| December 2014 | 2 | <u>174.68</u> | <u>131.01</u> | <u>43.67</u> | <u>45.44</u> | <u>1.77</u> |
| Total Check 2987 on December 29, 2014 | | <u>833.78</u> | <u>625.35</u> | <u>208.43</u> | <u>272.75</u> | <u>64.32</u> |
| Cell Phone Overpayments for 2013 | | 1,266.98 | 939.11 | 327.87 | 572.89 | 178.32 |
| Cell Phone Overpayments for 2014 | | <u>1,616.73</u> | <u>1,212.57</u> | <u>404.16</u> | <u>605.37</u> | <u>201.21</u> |
| Total Cell Phone Overpayments | | <u>\$2,883.71</u> | <u>\$ 2,151.68</u> | <u>\$ 732.03</u> | <u>\$ 1,178.26</u> | <u>\$ 379.53</u> |

The following audit position should cover all situations for reimbursement of cellular phones expenses:

The State Board of Accounts will not take audit exception to reasonable expenditures if:

1. Township owned cellular telephone(s) exist for which the township has a listing in the telephone directory in the name of the township. Consequently, 100% of the proper monthly cellular telephone service for which the township receives and maintains a detailed listing from the cellular service company showing the township business nature of all calls may be paid.
2. All other situations for which number one does not apply, up to 50% of the base monthly service billing may be reimbursed for township business calls if approved by the township board in accordance with IC 36-6-8-3. However, obligations may exist (which may include personal obligations) in regards to Internal Revenue Service and Indiana Department of Revenue regulations.

The aforementioned audit position of the Indiana State Board of Accounts is with the assumption computers shall be titled and inventoried in the name of the township and compliance with the following audit position from the *Accounting and Uniform Compliance Guidelines Manual for Townships*.

The State Board of Accounts is of the audit position public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee.

Assets of the governmental unit may not be used in a manner unrelated to the functions and purposes of the governmental unit.

Whenever an item or other asset owned by the political subdivision is entrusted to an officer or employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use. (Township Bulletin and Uniform Compliance Guidelines, Volume 283)

FRANKLIN TOWNSHIP, HENRY COUNTY
 SUPPLEMENTAL CHARGE RESULTS AND COMMENTS
 (Continued)

Debra Barnes, Trustee, was requested to reimburse the Township \$379.53 for overpayment of cell phone reimbursements. (See Summary of Charges, page 10)

Debra Barnes, Trustee, reimbursed the Township \$379.53 on November 19, 2015, for overpayment of cell phone reimbursements. (See Summary of Charges, page 10)

PAYMENTS FOR PERSONAL EXPENSES

During 2013 and 2014, Debra Barnes, Trustee, was reimbursed for half of the cost of her personal iPhone and iPad accessories. The Township does not own an iPad. The table below is a compilation of the description of the expense, the amount, and date of the payments:

| Date | Check Number | Amount | Description |
|-----------------------|-----------------|-----------------|--|
| May 5, 2013 | 2880 | \$ 44.95 | Bluetooth Numeric Keypad for Ipad |
| October 23, 2013 | 2903 | <u>199.50</u> | Half of iPhone |
| Total for 2013 | | <u>244.45</u> | |
| July 7, 2014 | 2951 | 57.00 | Tan Ipad Mini Folio |
| October 26, 2014 | 2974 | <u>78.45</u> | Jot Script Evernote Stylus (Includes shipping of \$3.50) |
| Total for 2014 | | <u>135.45</u> | |
| Total for Exam Period | | <u>\$379.90</u> | |

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Debra Barnes, Trustee, was requested to reimburse the Township \$379.90 for payments for personal expenses. (See Summary of Charges, page 10)

Debra Barnes, Trustee, reimbursed the Township \$379.90 for payments for personal expenses. (See Summary of Charges, page 10)

INTERNAL CONTROL DEFICIENCIES

Overpayment of mileage and cell phone reimbursements and payments for personal expenses (as described in the previous Results and Comments) were caused by a lack of segregation of duties. The Trustee serves as the Township Executive and the Township Fiscal Officer. As a result, there is no oversight of Township financial activity on an ongoing basis by another official.

FRANKLIN TOWNSHIP, HENRY COUNTY
SUPPLEMENTAL CHARGE RESULTS AND COMMENTS
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FRANKLIN TOWNSHIP, HENRY COUNTY
EXIT CONFERENCE

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

**Franklin Township
Henry County
Debra Barnes, Trustee**

Audit Response

November 30, 2015

Personal Expenses

In reviewing the expenses of the township with the auditor, I discovered that several expenses I incurred were not payable by the Township. I agreed with the findings and submitted payment in the agreeable amount.

Cell phone charges

It was my understanding that the Township would pay on half of the cell phone monthly bill. Because there was a second line added the auditor found that I would only be entitled to one fourth of the monthly bill. I still disagree with this as the second line is seldom used. I did however reimburse the township for the amount requested by the auditor. I will be removing that number from any communication for the township and using only the landline.

Mileage

I paid too much per mile as I thought the township could use the standard rate set forth by the IRS. I agreed to reimburse the difference and was told I could pay myself for mileage that I used in 2013 that I never paid myself due to insufficient funds for the township.

FRANKLIN TOWNSHIP, HENRY COUNTY
SUMMARY OF CHARGES

| | <u>Charges</u> | <u>Credits</u> | <u>Balance Due</u> |
|---|-------------------|------------------|------------------------|
| Debra Barnes, Trustee: | | | |
| Overpayment of Mileage Reimbursement, page 4 Paid by personal check and deposited to the Township account on November 19, 2015 | \$ 46.92 | \$ | \$ |
| Overpayment of Cell Phone Reimbursements, pages 4 through 6 Paid by personal check and deposited to the Township account on November 19, 2015 | 379.53 | 46.92 | - |
| Payment for Personal Expenses, page 6 Paid by personal check and deposited to the Township account on November 19, 2015 | 379.90 | 379.53 | - |
| | <u> </u> | <u>379.90</u> | <u> </u> - |
| Totals | <u>\$ 806.35</u> | <u>\$ 806.35</u> | <u>\$ </u> - |