
STATE OF INDIANA



TO: All Counties, Townships, Cities, and Towns

FROM: Paul Joyce, State Examiner, State Board of Accounts

Courtney L. Schaafsma, Commissioner, Department of Local Government Finance

SUBJECT: Anti-Nepotism Policies and the 2015 Budget Year

DATE: October 7, 2014

Indiana Code 36-1-20.2-9 requires all taxing units to adopt a policy regarding the employment of relatives at the unit, commonly referred to as an anti-nepotism policy. Each taxing unit must then file a statement with the State Board of Accounts (“SBOA”) stating whether the unit has implemented such a policy. If SBOA determines that a taxing unit has not implemented an anti-nepotism policy, SBOA shall notify the Department of Local Government Finance (“Department”). Upon notification, the Department may not approve a unit’s annual budget or additional appropriations until SBOA certifies to the Department that the unit is in compliance with this requirement.

The 2015 budget year is the first budget year that may be impacted by the restrictions in IC 36-1-20.2. As such, this memorandum provides guidance for units on the process to be used for the 2015 budget cycle.

SBOA has made available a status list of each unit’s compliance with the requirements of IC 36-1-20.2 on the 100R Submission Log Report available on the Report Builder section of Gateway. This report can be found under Employee Compensation by Unit at https://gateway.ifionline.org/report_builder/default.aspx. The Department will utilize this status log to determine whether a taxing unit has complied with the requirements of IC 36-1-20.2. Units that have an “N” in the Nepotism Policy column of the report will not receive approved appropriations from the Department for 2015 until the unit provides an anti-nepotism policy.

If your taxing unit is currently shown as having not implemented an anti-nepotism policy, the first step will be to adopt an anti-nepotism policy. Indiana Code 36-1-20.2-9 (a) states “This chapter establishes minimum requirements regarding employment of relatives. The legislative body of the unit shall adopt a policy that includes, at a minimum, the requirements set forth in this chapter. However, the policy may: (1) include requirements that are more stringent or detailed than any provision in this chapter; and (2) apply to individuals who are exempted or excluded from the application of this chapter. The unit may prohibit the employment of a relative that is not otherwise prohibited by this chapter.”

Once an anti-nepotism policy has been implemented, the taxing unit should provide a copy of such policy directly to the unit's Department budget field representative. The policy must be provided to the budget field representative no later than the expiration of the unit's 1782 Notice timeframe if the unit is to receive certified appropriations on the 2015 budget order. Policies received by the Department after the expiration of the 1782 Notice will be used to authorize additional appropriations in the 2015 budget year. Providing the anti-nepotism policy directly to the Department will allow the taxing unit to show compliance with the requirements of IC 36-1-20.2 and receive approved appropriations.

Units should be aware that providing the policy to the Department will not change the status of the unit's anti-nepotism policy as reported on the 100R Submission Report on Gateway. The unit's status will still show as "N" for the 2013 status log. SBOA will be working to provide a process that would update the status log upon successful submission of an anti-nepotism policy for future years.

If you have any questions on the requirements for the anti-nepotism policy, please contact Debbie Gibson, Director of County Services, State Board of Accounts, at (317) 232-2512 or dgibson@sboa.in.gov.

If you have any questions on the submission of the anti-nepotism policy to the Department for the purposes of authorizing appropriations for 2015, please contact Dan Jones, Assistant Budget Director, at (317) 232-0651 or djones@dlgf.in.gov.