

**TOWNSHIP BULLETIN  
and Uniform Compliance Guidelines**

Volume 291, Page 3

November 2010

**QUALIFYING FOR OFFICE - OATH**

IC 5-4-1-1 states in part (a) ". . . every officer and every deputy, before entering on the officer's or deputy's official duties, shall take an oath to support the Constitution of the United States and the Constitution of the State of Indiana, and that the officer or deputy will faithfully discharge the duties of such office."

**QUALIFYING FOR OFFICE – OFFICIAL BONDS**

**OBTAIN BOND FIRST**

IC 5-4-1-9 states "An officer required to give an official bond shall give the bond before the commencement of his term of office. If the officer fails to give the bond before that time, the officer may not take office."

**COUNTY AUDITOR APPROVAL**

IC 5-4-1-8 states in part "The official bonds of officers, if sufficient, shall be approved as follows . . . township trustee . . . by the county auditor."

**PAYABLE TO STATE**

IC 5-4-1-10 states "All official bonds shall be payable to the state of Indiana; and every such bond shall be obligatory to such state, upon the principal and sureties, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by any breach of the condition thereof."

**AMOUNT OF BOND**

IC 5-4-1-18 states in part "(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows: (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2). (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee. . ."

**FILE BOND**

IC 5-4-1-5.1 states in part (b) "Every elected or appointed officer, official, deputy, or employee of a political subdivision who is required by section 18 of this chapter to file an official bond for the faithful performance of duty . . . shall file the bond in the office of the county recorder in the county residence of the officer, official, deputy or employee."

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**QUALIFYING FOR OFFICE – OFFICIAL BONDS**

(Continued)

**COST OF BOND**

The cost on the trustee's bond is payable from the township fund. [IC 5-4-5-2]

**OTHER BOND SITUATIONS**

We have noted situations where various employees (other than bonded trustees and deputy trustees) are involved in handling cash and cash related transactions (i.e., township community centers, parks, etc.) without the township being afforded bond coverage.

We strongly recommend and encourage township officials to immediately obtain bond coverage for all employees that might be handling cash and related transactions. Township officials should also give consideration to providing crime insurance coverage.

Whenever deemed necessary by the trustee and township board to bond any employees not required by a specific statute to be bonded otherwise, such employees may be bonded by either individual or blanket bonds conditioned upon faithful performance of duties and in amounts and with surety approved by the township board by adopting a resolution in accordance with IC 36-1-3-1 et seq.

The State Board of Accounts is of the audit position continuation certificates or renewals should not be used in lieu of obtaining the required annual bond coverage.

No charge shall be made by the recorder of the county for recording the official bonds of any public officer, deputy, appointee or employee. [IC 36-2-7-10]

When a minimum premium is required for official bonds, the township should make certain maximum coverage is provided for the required minimum premium.

**DESIGNATION OF TRUSTEE**

We have received inquiries concerning designating an acting Trustee under certain circumstances.

The State Board of Accounts is of the audit position that IC 36-6-4-18 states in part "(a) Within thirty (30) days after taking office, the executive shall designate a person who shall perform the executive's duties whenever the executive is incapable of performing the executive's functions because the executive: (1) is absent from the township; or (2) becomes incapacitated. The executive shall give notice of the designation to the chairman of the township legislative body, the county sheriff, and any other persons that the executive chooses. The designee shall have all the powers of the executive. The executive is responsible for all acts of the designee. The executive may change the designee under this section at any time. (b) The designee shall perform the executive's duties until: (1) the executive is no longer absent from the township; or (2) an acting executive is appointed by the county executive under section 16 of this chapter."

TOWNSHIP  
AUDIT RESULTS AND COMMENTS

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

Internal Revenue Service Form W-2's, Wage and Tax Statement, were not prepared for the year 2009.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

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)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges 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)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit.

IC 5-13-6-1(e) states "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was making deposits once a month.

IC 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

TOWNSHIP  
AUDIT RESULTS AND COMMENTS

PERSONAL EXPENSES

Twenty-three black and color printer ink cartridges were purchased in 2009 at a cost of \$903.62. Seventeen black and color printer ink cartridges were purchased in 2008 at a cost of \$609.99, which included six photo ink cartridges at a cost of \$148.44. Records of the Township presented for examination were manually recorded.

Two 25-count packages of "photo matte" paper were purchased on September 18, 2009, for \$19.98. Four fifty count packages of "photo paper" and one 20-count package of "glossy photo paper" totaling \$150.45 were purchased on December 27, 2009. No computer generated photos were included in township records presented for examination.

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. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

, Trustee, was requested to reimburse the Township for personal expenses. (See Summary, Page )  
DONATIONS

The Township made the following donations during the examination period:

<u>Date</u>	<u>Check Number</u>	<u>Donation Recipient</u>	<u>Amount</u>
May 18, 2009	5328	Cemetery	\$ 200
April 19, 2009	5555	Community Center	800
October 11, 2009	5923	County Community Foundation	<u>600</u>
Total			<u>\$ 1,600</u>

The former Trustee, was requested to reimburse the Township for the donations. (See Summary, Page 20)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

FIREFIGHTING CONTRACTS

Supporting documentation, agreements or contracts for firefighting services provided by the Volunteer Fire Department were not presented for audit.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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 13)

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TOWNSHIP  
AUDIT RESULTS AND COMMENTS

CONFLICT OF INTEREST DISCLOSURE

\_\_\_ Township Clerk, is the spouse of \_\_\_, Township Trustee. A Uniform Conflict of Interest Disclosure Statement does not appear to have been filed.

IC 35-44-1-3 states in part:

"(a) 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 Class D felony . . ."

"(c) This section does not prohibit a public servant from having a pecuniary interest in or deriving a profit from a contract or purchase connected with the governmental entity served . . . (3) if the public servant; (A) is an elected public servant . . . and (B) makes a disclosure under subsection (d)(1) through (d)(6)."

"(d) A disclosure required by this section 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 prior to 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 . . ."

"(g) A public servant has a pecuniary interest in a contract or purchase if the contract or purchase will result or is intended to result in an ascertainable increase in the income or net worth of: (1) the public servant; or (2) a dependent of the public servant who: (A) is under the direct or indirect administrative control of the public servant; or (B) receives a contract or purchase order that is reviewed, approved, or directly or indirectly administered by the public servant . . ."

"(k) As used in this section, 'dependent' means any of the following: (1) The spouse of a public servant. (2) A child, stepchild, or adoptee (as defined in IC 31-3-4-1) of a public servant who is: (A) unemancipated; and (B) less than eighteen (18) years of age. (3) Any individual more than one-half ( ) of whose support is provided during a year by the public servant."

### SAMPLE ENTRIES

The following information pertains to the sample entries shown for posting to the Financial And Appropriation Record, Form 1C.

- (1) The salary of the Trustee is \$1200.00 per year to be paid quarterly.
- (2) The compensation of the Clerk is \$200.00 per year to be paid quarterly.
- (3) The township budget for 2011 is:

Township Fund:

Personal services	\$1800.00
Supplies	500.00
Other Services and Charges	2000.00
Capital Outlay	200.00

Firefighting Fund:

Other Services and Charges	1000.00
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Township Assistance Fund:

Supplies	100.00
Medical, Hospital and Burial	300.00
Other Direct Relief	600.00

- (4) Your base monthly cost for telephone service is \$20.00.
- (5) The contract with the local volunteer fire department for fire protection is \$1,000.00 for 2011, payable by June 1 and December 1.