

The background features a large, faint watermark of the Seal of the State Board of Accountants, Indiana. The seal is circular and contains the text "STATE BOARD OF ACCOUNTANTS" around the perimeter and "INDIANA" in the center. It is surrounded by a ring of stars.

Compensation, Nepotism, and Contracting Policies

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Compensation

IC 36-6-6-10



- Total of all money paid to an elected township officer for performing duties as a township officer, regardless of the source or funds from which the money is paid
 - Includes life insurance, health insurance, disability insurance, retirement benefits, and pension benefits
 - For purposes of determining an increase or decrease in compensation of an elected township officers, compensation does not include payment of insurance premium; payments in recognition of longevity; professional certifications; or education advancements that are separately identified on a salary resolution; and payment of a stipend or per diem allowed by statute

Compensation IC 36-6-6-10



- Township board shall fix the compensation of all officers and employees of the township
 - Compensation shall be established using an annual, monthly, or biweekly salary schedule
 - An elected township officer is not required to report hours worked and many not be compensated based on the number of hours worked

Compensation

IC 36-6-6-10



- The township board may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed, but may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available
- The township board may reduce the salary of an elected or appointed official. However, the official is entitled to a salary that is not less than the salary fixed for the first year of term of office that immediately preceded the current term of office
- The township board may not reduce the salary of the township trustee without the consent of the township trustee during the term of office of the township trustee

Compensation IC 36-6-6-10



- When a township trustee dies or resigns from office, the person filling the vacancy of the township trustee shall receive at least the same salary the previous township trustee received for the remainder of the unexpired term of office of the township trustee, unless the person consents to a reduction in salary
- In a year in which there is not an election of members to the township board, the township board may vote to reduce the salaries of the members of the township legislative body by any amount

Resolution Establishing Salaries of Township Officers and Employees (Form 17)



- Township Form 17 has been prescribed to fulfill the requirement of the law
 - Salaries established for anyone position should not have multiple classifications
 - (example - a clerk position should not be annual, hourly, and weekly)
 - Record the approved salaries in the township board minutes
 - We recommend the township board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget

Sample Form 17 Resolution Establishing Salaries of Township Officers and Employees



Prescribed by State Board of Accounts Township Form No. 17 (Rev. 2020)

RESOLUTION
ESTABLISHING SALARIES OF TOWNSHIP OFFICERS AND EMPLOYEES

BE IT RESOLVED by the Township Board of _____ Township,
 _____ County, Indiana,

That pursuant to IC 36-6-6-10(c), the salaries stated below are fixed for the officers and employees of the township year _____.

POSITION OF OFFICE	Number of Positions	Rate of Compensation	Per *
Township Trustee			
Township Clerk			
Members of the Township Board			
Fire Department Personnel			
Township Assistance Personnel			
Supervisors of Investigators			
Investigators			
Supervisors of Other Assistants			
Other Assistants			
Other Employees (Detail)			

ADOPTED this _____ day of _____, _____.

Attest: _____
 Township Trustee

 Members of the Township Board

* Show: per year, per month, per day, etc.

Trustee Compensation
IC 36-6-4-17



- (b) An executive is entitled to receive the following:
- (1) The executive's salary.
 - (2) Reimbursement for expenses that are reasonably incurred by the executive for the following:
 - (A) The operation of the executive's office.
 - (B) Travel and meals while attending seminars or conferences on township matters.
 - (C) A sum for mileage as permitted under IC 36-6-8-3(b).

The executive may not make any other personal use of township funds without prior approval by the legislative body of the township.

Renting an Office IC 36-6-8-3(a)



- The annual appropriations to a trustee for the expenses of renting an office and telephone must, as nearly as possible, be equal to the actual cost of those items. If the township trustee uses a part of the trustee's residence for an office, the township board shall appropriate a reasonable sum for that office space.
 - The township board needs to determine in writing what is considered a reasonable amount of rent expense
 - Only the trustee can receive rent
 - Other employees, including employees that live in the same residence where the township office is located would not be allowed to receive reimbursement for renting an office

Mileage IC 36-6-8-3(b)



- Township trustee is entitled to a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees
 - This does not apply when the township trustee uses a township vehicle in the performance of official duties
 - Current state mileage rate is \$.49 per mile
 - [https://www.in.gov/idoa/files/Mileage_Rate - June 2022.pdf.pdf](https://www.in.gov/idoa/files/Mileage_Rate_-_June_2022.pdf.pdf)



Telephone and Internet Expense

- Follow township policy adopted by the township board
 - If there is a policy adopted by the township board, we will not take exception to the township trustee receiving full reimbursement for these expenses, even though the use of these services was not restricted to township use
 - Using township funds to pay for personal use of telephone, cell phone, or internet services without a documented and approved township policy may be the personal obligation of the responsible official or employee

Compensation



- Other things to remember:
 - Salary cannot be paid in advance.
 - Salary cannot exceed the Salary Resolution adopted by the board (Form 17).
 - Salary for all employees (including board members) are required to have taxes withheld and a W-2s issued.

Nepotism

IC 36-1-20.2



- An individual who is employed by a unit on July 1, 2012, is not subject to this chapter unless the individual has a break in employment with the unit
- Absent from the workplace while on paid or unpaid leave, including vacation, sick or family medical leave, or worker's compensation is not considered a break in employment

Nepotism
IC 36-1-20.2
Direct Line of Supervision



- Direct Line of Supervision
 - If the elected officer or employee is in a position to affect the terms and conditions of the individual's employment, including making decisions about work assignments, compensation, grievances, advancement, or performance evaluation
 - Does not include the responsibilities of the trustee and township board as provided by law, to make decisions regarding salary ordinances, budgets, or personnel policies

Nepotism
IC 36-1-20.2
Definitions



- Relative means:
 - Spouse
 - Parent or stepparent
 - Child or stepchild
 - Brother, sister, stepbrother, or stepsister
 - Niece of nephew
 - Aunt or uncle
 - Daughter-in-law or son-in-law

Nepotism
IC 36-1-20.2
Direct Line of Supervision



- Individuals who are relatives may not be employed by a unit in a position that results in one relative being in the direct line of supervision of the other relative
- If an individual is employed by a unit on the date the individual's relative begins serving a term of an elected office, an individual may remain employed by a unit and maintain the individual's position or rank; however, the individual may not be promoted to a position

Nepotism
IC 36-1-20.2
Relative to Work In Township Office



- If the township trustee's office is located in the township trustee's personal residence the trustee may hire one employee who is a relative
- The employee:
 - may be hired to work only in the township trustee's office;
 - may be in the township trustee's direct line of supervision; and
 - may not receive total salary, benefits, and compensation that exceed \$5,000 per year

Nepotism
IC 36-1-20.2
More Stringent Requirements



- Township board shall adopt the minimum requirements set forth in this chapter
 - May adopt more stringent or detailed requirement
 - May apply to individuals who are exempted or excluded from this chapter
 - May prohibit the employment of a relative that is not otherwise prohibited
- Must file a statement by the trustee stating whether the township has implemented a nepotism policy
 - Answer questions in the 100R
 - Upload the policy in 100R

Nepotism
IC 36-1-20.2
Annual Certification



- Each elected officer of the township shall annually certify in writing that the officer has not violated the minimum requirements and if applicable the more stringent requirements adopted by the township board
- The certification shall be submitted to the trustee by December 31 of each year
- The certifications are to be maintained in a file and kept for audit by the township trustee

Nepotism
IC 36-1-20.2
Noncompliance



- If a township has not implemented a nepotism policy under this chapter State Board of Accounts shall forward the information to the Department of Local Government Finance (DLGF)
- DLGF may not approve a budget or any additional appropriations for the township until SBOA certified to DLGF that the township is in compliance with this chapter

Contracting With a Unit

IC 36-1-21

Definitions



- **Elected Official**
 - The executive (Township Trustee)
 - A member of the legislative body of the unit (Township Board Member)
- **Relative**
 - Spouse
 - Parent or stepparent
 - Brother, sister, stepbrother, stepsister
 - Niece or nephew
 - Aunt or Uncle
 - A daughter-in-law or son-in-law

Contracting With a Unit
IC 36-1-21
Contract Disclosure Requirements



- IC 36-1-21-5(a)
 - A township may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with an individual who is a relative of an elected official or a business entity that is wholly or partially owned by a relative of an elected official; only if the requirement of this section are satisfied and the elected official does not violate IC 35-44.1-1-4.

Contracting With a Unit
IC 36-1-21
Contract Disclosure Requirements



- The elected official **must** file with the township a full disclosure
 - Be in writing
 - Describe the contract or purchase to be made by the township
 - Describe the relationship that the elected official has to the individual or business entity that contracts or purchases
 - Be affirmed under penalty of perjury
 - Be submitted and accepted by the township board in a public meeting of the township prior to final action on the contract or purchase
 - Be filed, not later than fifteen days after the final action on the contract or purchase, with the State Board of Accounts and the Clerk of the Circuit Court

Contracting With a Unit
IC 36-1-21
Contract Disclosure Requirements



- The appropriate agency of the township shall make a certified statement that the contract amount or purchase price was the lowest amount or price bid or offered; or
- Make a certified statement of the reasons why the vendor or contractor was selected
- The township must satisfy any other requirements under IC 5-22 or IC 36-1-12
- An elected official shall also comply with the disclosure provisions of IC 35-44.1-1-4, if applicable

Contracting With a Unit
IC 36-1-21
More Stringent Requirements



- Township board shall adopt the minimum requirements set forth in this chapter
 - May adopt more stringent or detailed requirements
 - May apply to individuals who are exempted or excluded from this chapter
 - May prohibit or restrict an individual from entering into a contract with township that is not otherwise prohibited or restricted by this chapter
- Must file a statement by the trustee stating whether the township has implemented a contracting policy
 - Answer questions in the 100R
 - Upload the policy in 100R

Contracting With a Unit
IC 36-1-21
Annual Certification



- Each elected officer of the township shall annually certify in writing that the officer has not violated the minimum requirements and if applicable the more stringent requirements adopted by the township board
- The certification shall be submitted to the trustee by December 31 of each year
- The certifications are to be maintained in a file and kept for audit by the township trustee

Contracting With a Unit
IC 36-1-21
Noncompliance



- If a township has not implemented a contracting policy under this chapter State Board of Accounts shall forward the information to the Department of Local Government Finance (DLGF)
- DLGF may not approve a budget or any additional appropriations for the township until SBOA certified to DLGF that the township is in compliance with this chapter

Conflicts of Interest



- Must file a conflict of interest if:
 - A public servant has a pecuniary interest in or derives a profit from a contract or purchase connected with an action by the governmental entity.
 - Example: If a Trustee owns rental houses and the applicant lives in a property they own → receiving TA funds would require you to file a conflict of interest.



Conflicts of Interest

- Must report conflicts in Gateway
 - https://gateway.ifionline.org/sboa_coi/
- Not a conflict if:
 - Receives through salary,
 - Interest in contract less < \$250,
 - Utility rates are required by government,
 - Makes a disclosure,
 - Etc... IC 35-44.1-1-4(c)



Questions?