

**TOWNSHIP BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES
ISSUED BY STATE BOARD OF ACCOUNTS**

Volume 338, Page 1

September 2022

ITEMS TO REMEMBER

- October 1: Prove all ledgers for the prior month
- October 10: Columbus Day – Legal Holiday [IC 1-1-9-1]
- October 12: Last day to post notice to taxpayers of proposed 2023 budgets and tax levies and public hearing (Budget Form 3) to Gateway. (Notice must be posted at least 10 days before the public hearing, which must occur at least 10 days before the adoption.) [IC 6-1.1-17-5]
- October 15: Deadline to upload monthly bank reconcilements, bank statements, outstanding check lists, approved board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund for August 2022 to Gateway. [State Examiner Directive 2018-1 (Amended 2020)]
- October 20: If your monthly average tax withheld is more than \$1,000, the 20th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.
- October 22: Last possible day for Townships to hold a public hearing on their 2023 budgets. Public hearing must be held at least 10 days before budget is adopted. [IC 6-1.1-17-5]
- October 30: If your monthly average tax withheld is \$1,000 or less, the 30th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.
- October 31: IRS Form 941 (Employer’s Quarterly Federal Tax Return) due
- 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. [IC 5-13-6-1(e)]

NOVEMBER

- November 1: Prove all ledgers for the prior month.
- Deadline for all Townships to adopt 2023 budgets, tax rates, and tax levies. [IC 6-1.1-17- 5(a)]
- November 8: Last day for Townships to submit their 2023 budgets, tax rates, and tax levies to the DLGF through Gateway
- November 11: Veteran’s Day – Legal Holiday [IC 1-1-9-1]
- November 15: Deadline to upload monthly bank reconcilements, bank statements, outstanding check lists, approved board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund for September 2022 to Gateway. [State Examiner Directive 2018-1 (Amended 2020)]

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and Uniform Compliance Guidelines**

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September 2022

NOVEMBER

- November 20: If your monthly average tax withheld is more than \$1,000, the 20th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.
- November 24: Thanksgiving Day – Legal Holiday [IC 1-1-9-1]
- November 30: If your monthly average tax withheld is \$1,000 or less, the 30th is the last day to report and make payment for the balance of State and County Income Tax withheld in the prior month to Indiana Department of Revenue.

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. [IC 5-13-6-1]

DECEMBER

- December 1: Prove all ledgers for the prior month.
- December 1: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the Township shall certify a list of the names and addresses of each person who has money due from the Township to the County Treasurer. [IC 6-1.1-22-14]
- December 15: Deadline to upload monthly bank reconcilements, bank statements, outstanding check lists, approved board minutes, and funds ledger, summarizing total receipts, disbursements, and balances by fund for October 2022 to Gateway. [State Examiner Directive 2018-1 (Amended 2020)]
- December 25: Legal Holiday - Christmas Day. [IC 1-1-9-1]
- December 31: 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. [IC 5-13-6-1(e)]

Last day for the Department of Local Government Finance to accept additional appropriation requests for the 2022 budget year from units. [IC 6-1.1-18-5]

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OUT-OF-STATE PURCHASING COOPERATIVES

We have received questions regarding the allowability to purchase from cooperatives. In some cases, the cooperative is established and located in other states. We are aware of IC 36-1-7-12(c) which we have seen units use as authority to purchase from out-of-state cooperatives. There are two cooperatives specifically we have received questions about: Sourcewell (in Minnesota) and the Houston-Galveston Area Council or HGAC (in Texas).

A purchasing cooperative could be taking care of the required steps that the unit would normally go through if the unit were to purchase goods on their own under the public purchasing guidelines (Indiana Code 5-22) such as advertising, receiving bids, obtaining quotes, and securing contracts.

In some instances, we have seen that the cooperatives have indicated to their members that making a purchase through their cooperative complies with Indiana laws (without little support as to how they came to that determination). We have provided to these units that we are not familiar with the laws of other states (including Minnesota and Texas) and without proper supporting documentation, we would not have a way to determine if the laws of the other states were complied with.

When testing for compliance with public purchasing laws in a cooperative purchasing situation we will be requesting support that would show that the cooperative followed Indiana's purchasing laws. A generic cooperative agreement or general information about the cooperative would not be sufficient evidence to show that the unit complied with Indiana purchasing laws. We recommend units reach out to the cooperative in these situations to obtain documentation that would show what procedures the cooperative went through to show compliance with Indiana's purchasing laws.

We have also recommended to units in these situations to obtain a written legal opinion from their attorney that would show that the purchases from an out-of-state cooperative complied with all Indiana laws.

TRANSITION FROM PRIOR TRUSTEE TO NEWLY ELECTED TRUSTEE

Township business is a continuing one; a change of office need not interrupt that business.,

IC 36-6-4-14, concerning trustees who do not succeed themselves in office, states "When the executive's term of office expires, the former executive shall: (1) immediately deliver to the new executive custody of all funds and property of the township, except records necessary in the preparation of his annual report; (2) deliver to the new executive, not later than the second Monday in the next January, his annual report and any records he has retained; and (3) attend the annual meeting of the township legislative body held under IC 36-6-6-9 and submit to inquiries from the legislative body concerning the operation of the executive's office during the preceding calendar year."

Therefore, the State Board of Accounts is of the audit position the trustee in office on December 31, 2022, is required to turn over to the new trustee all township documents and financial records of the township.

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TRANSITION FROM PRIOR TRUSTEE TO NEWLY ELECTED TRUSTEE
(Continued)

Our opinion is that the annual report required by IC 36-6-4-12 and the annual report required to be submitted via the Gateway per IC 5-11-1-4 are not necessarily the same report. In order to not duplicate efforts, we have designed the Gateway Annual Report system to be able to provide outputs that will satisfy the requirements of IC 36-6-4-12 and IC 36-6-4-13. We believe that it is the outgoing Trustee's responsibility to provide the information required to be inputted into the Gateway Annual Report, but it is the incoming Trustee's responsibility to input the information and submit the report prior to March 1, 2023 (within 60 days of the end of the fiscal period).

The bank accounts should be in the name of the township, for example, "Clay Township, St. Joseph County", not in the name of the trustee. Therefore, if the account is properly in the name of the township, the change can be made at the bank by simply registering the authorized signature of the incoming trustee.

We suggest the outgoing trustee prepare in duplicate an itemized inventory of equipment and other assets owned by the township on December 31, to be signed by the successor and outgoing trustee. One copy is for the outgoing trustee and one copy is to be kept by the incoming trustee as a township record.

NEWLY ELECTED TRAINING

We are partnering with the Indiana Township Association and will be providing training for newly elected township officials on December 8, 2022, and January 21, 2023. These trainings will be held at the Delaware Township Community Center in Fishers – 9094 E 131st Street, Fishers, IN 46038. Please provide this information to any newly elected officials. More information will be provided as the date approaches.

**SPREADSHEET SOFTWARE UTILIZATION TO
GENERATE EXACT REPLICAS OF PRESCRIBED FORMS**

The Indiana State Board of Accounts prescribes the forms to be utilized in accounting systems, but does not specify the source from which the prescribed forms must be obtained. The use of spreadsheet software may, with the current capabilities of spreadsheet software, in some instances, be an acceptable method of generating exact replicas of prescribed forms.

Spreadsheets may not be utilized to replace functionality that should be an integral function of a computerized accounting system or replace a controlled document for the entry of accounting information. Examples of controlled document type of forms include forms that are required to be either prenumbered by an outside printing supplier or numbered by the accounting system with sufficient controls to prevent unauthorized generation of the form or duplication of control numbers on the forms. These forms include receipts, checks, purchase orders and material receiving documents. Additionally, spreadsheets should not be utilized to generate control documents such as ledgers, receipt registers, check registers, outstanding check lists and similar reports.

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**SPREADSHEET SOFTWARE UTILIZATION TO
GENERATE EXACT REPLICAS OF PRESCRIBED FORMS**
(Continued)

Under no circumstances is it acceptable to implement an electronic interface from spreadsheet software directly to the information files of an accounting system without being processed through the same edit and control features as are utilized to ensure the accuracy of information entered manually into the accounting system.

LUCRATIVE OFFICES - DUAL OFFICE HOLDING

Under Indiana law, some government officials may not legally serve in more than one public service position at any given time. The holding of two lucrative offices may result in the constitutional violation commonly referred to as "dual office holding."

Article 2, Section 9 of the Indiana Constitution states in part: "...no person may hold more than one lucrative office at the same time, except as expressly permitted.in this Constitution..." Official Opinion No. 13 (June 4, 1970) of the Attorney General points out that dual office-holding involves at least six major questions and three particular sections of the Indiana Constitution. The questions are:

1. Is each position a lucrative office within the meaning of the Indiana Constitution? (Article 2, Section 9 of the Indiana Constitution)
2. Is such office-holding in violation of the doctrine of the separation of powers? (Article 3, Section 1 of the Indiana Constitution)
3. Does such office-holding involve a judicial office, and another office of trust and profit under the State? (Article 7, Section 16 of the Constitution of Indiana)
4. Are such offices incompatible with each other?
5. Is there a conflict of interest?
6. Would such office-holding be against public policy?

The Office of the Indiana Attorney General has created the Dual Office Holding Guide for your information. This Guide provides a four-part legal analysis that public officials may use in order to determine whether accepting a second public service position violates the law. It may be found on the Office of the Indiana Attorney General's website: www.in.gov/attorneygeneral.

This guide urges all readers to seek legal advice from an attorney before deciding to accept a second public service position.

The Attorney General's office has consistently stated in numerous unofficial opinions that trustees and board members hold a lucrative office. Therefore, we are of the audit position that a township trustee or board should not also hold another lucrative office.

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