



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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September 27, 2023

TO: THE OFFICIALS OF HARRISON TOWNSHIP, KNOX COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Harrison Township (Township), Knox County, for the period of January 1, 2018 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Township's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

DISCLOSURE OF RELATED-PARTY TRANSACTION

Condition and Context

Don Mize, as Trustee, and Ann Mize, as Township Assistance Clerk, were married during the review period. Ann Mize, while Clerk for the Township, also entered into a contract with the Township for mowing services, where the Mize family financially benefited from the contract. The relationship between Don and Ann Mize was not disclosed in writing, as required by IC 35-44.1-1-4(e)(6) with the items required to be publicly disclosed in IC 35-44.1-1-4(d), when the contractual relationship was formed. Based upon the circumstances, the State Board of Accounts would have expected to receive a conflict of interest disclosure for this related-party transaction. There was not one on file during the audit period that covered this matter.

Criteria

A disclosure in compliance with Ind. Code § 35-44.1-1-4(d), must meet the following requirements:

- "(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 before 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 . . ."

Conflict of interest disclosures must be completed on Gateway. (Accounting and Uniform Compliance Guidelines Manual For Townships, Chapter 1)

The attorney for the unit or a private attorney must be consulted in regard to whether a conflict of interest disclosure statement must be filed and whether the format of the disclosure is sufficient. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONTRACTING WITH A UNIT

Condition and Context

The Township did not satisfy required contract disclosure requirements when the mowing contract between Don and Ann Mize was entered into. In addition, checks issued in compensation for mowing services performed were incorrectly made to Ann Mize and not the contracted entity, A&D Mowing.

Criteria

Indiana Code 36-1-21-5 states in part:

- "(a) A unit may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with:
 - (1) an individual who is a relative of an elected official; or
 - (2) a business entity that is wholly or partially owned by a relative of an elected official;

only if the requirements of this section are satisfied and the elected official does not violate [IC 35-44.1-1-4](#).

(b) A unit may enter into a contract or renew a contract with an individual or business entity described in subsection (a) if:

(1) the elected official files with the unit a full disclosure, which must:

(A) be in writing;

(B) describe the contract or purchase to be made by the unit;

(C) describe the relationship that the elected official has to the individual or business entity that contracts or purchases;

(D) be affirmed under penalty of perjury;

(E) be submitted to the legislative body of the unit and be accepted by the legislative body in a public meeting of the unit prior to final action on the contract or purchase; and

(F) be filed, not later than fifteen (15) days after final action on the contract or purchase, with:

(i) the state board of accounts; and

(ii) the clerk of the circuit court in the county where the unit takes final action on the contract or purchase; . . ."

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. Payments for services provided by an organization must go directly to the organization and not to an individual employee of the organization. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
As of December 31, 2022

<u>Fund</u>	<u>Cash and Investments 12-31-22</u>
Township	\$ 10,555
Township Assistance	10,758
Fire Fighting	90,653
Rainy Day	4,685
Fire Debt	<u>26,618</u>
 Total	 <u>\$ 143,269</u>

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Toby Like, Trustee; Nancee Scott, Township Clerk; and Don Mize, former Trustee, on August 29, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner