

TOWNSHIP BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES

ISSUED BY STATE BOARD OF ACCOUNTS

Volume 300

March 2013

ITEMS TO REMEMBER

March

- 1 Last day to prepare, verify, and file the 2012 Annual Report with the State Board of Accounts (not later than sixty (60) days after the close of each fiscal year). The report must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7. (IC 5-11-1-4(a))
- 29 Good Friday - Legal Holiday (IC 1-1-9-1)
- 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))

April

- 30 Last day to file Employer's Quarterly Federal Tax Return (Form 941) with the Internal Revenue Service for federal and social security taxes for the first quarter.

Last day to file quarterly reports with the Indiana Department of Workforce Development for the quarter ending March 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))

May

- 27 Memorial Day - Legal Holiday (IC 1-1-9-1)
- 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))

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 to the county treasurer a list of the names and addresses of each person who has money due from the township. (IC 6-1.1-22-14)

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 2

March 2013

PUBLIC RECORDS

IC 5-14-3-1 states: "A fundamental philosophy of the American constitutional form of representative government is that government is the servant of the people and not their master. Accordingly, it is the public policy of the state that all persons are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and employees. Providing persons with the information is an essential function of a representative government and an integral part of the routine duties of public officials and employees, whose duty it is to provide the information. This chapter shall be liberally construed to implement this policy and place the burden of proof for the nondisclosure of a public record on the public agency that would deny access to the record and not on the person seeking to inspect and copy the record."

IC 5-14-3-3 states:

"(a) Any person may inspect and copy the public records of any public agency during the regular business hours of the agency, except as provided in section 4 of this chapter. A request for inspection or copying must:

- (1) identify with reasonable particularity the record being requested; and
- (2) be, at the discretion of the agency, in writing on or in a form provided by the agency.

No request may be denied because the person making the request refuses to state the purpose of the request, unless such condition is required by other applicable statute.

(b) A public agency may not deny or interfere with the exercise of the right stated in subsection (a). Within a reasonable time after the request is received by the agency, the public agency shall either:

- (1) provide the requested copies to the person making the request; or
- (2) allow the person to make copies:
 - (A) on the agency's equipment; or
 - (B) on the person's own equipment.

(c) Notwithstanding subsections (a) and (b), a public agency may or may not do the following:

- (1) In accordance with a contract described in section 3.5 of this chapter, permit a person to inspect and copy through the use of enhanced access public records containing information owned by or entrusted to the public agency.
- (2) Permit a governmental entity to use an electronic device to inspect and copy public records containing information owned by or entrusted to the public agency.

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 3

March 2013

PUBLIC RECORDS, continued

- (d) Except as provided in subsection (e), a public agency that maintains or contracts for the maintenance of public records in an electronic data storage system shall make reasonable efforts to provide to a person making a request a copy of all disclosable data contained in the records on paper, disk, tape, drum, or any other method of electronic retrieval if the medium requested is compatible with the agency's data storage system. This subsection does not apply to an electronic map.
- (e) A state agency may adopt a rule under IC 4-22-2, and a political subdivision may enact an ordinance, prescribing the conditions under which a person who receives information on disk or tape under subsection (d) may or may not use the information for commercial purposes, including to sell, advertise, or solicit the purchase of merchandise, goods, or services, or sell, loan, give away, or otherwise deliver the information obtained by the request to any other person for these purposes. Use of information received under subsection (d) in connection with the preparation or publication of news, for nonprofit activities, or for academic research is not prohibited. A person who uses information in a manner contrary to a rule or ordinance adopted under this subsection may be prohibited by the state agency or political subdivision from obtaining a copy or any further data under subsection (d).
- (f) Notwithstanding the other provisions of this section, a public agency is not required to create or provide copies of lists of names and addresses (including electronic mail account addresses) unless the public agency is required to publish such lists and disseminate them to the public under a statute. However, if a public agency has created a list of names and addresses (excluding electronic mail account addresses) it must permit a person to inspect and make memoranda abstracts from the list unless access to the list is prohibited by law. The lists of names and addresses (including electronic mail account addresses) described in subdivisions (1) through (3) may not be disclosed by public agencies to any individual or entity for political purposes and may not be used by any individual or entity for political purposes. In addition, the lists of names and addresses (including electronic mail account addresses) described in subdivisions (1) through (3) may not be disclosed by public agencies to commercial entities for commercial purposes and may not be used by commercial entities for commercial purposes. The prohibition in this subsection against the disclosure of lists for political or commercial purposes applies to the following lists of names and addresses (including electronic mail account addresses):
 - (1) A list of employees of a public agency.
 - (2) A list of persons attending conferences or meetings at a state educational institution or of persons involved in programs or activities conducted or supervised by the state educational institution.

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 4

March 2013

PUBLIC RECORDS, continued

(3) A list of students who are enrolled in a public school corporation if the governing body of the public school corporation adopts a policy:

(A) with respect to disclosure related to a commercial purpose, prohibiting the disclosure of the list to commercial entities for commercial purposes;

(B) with respect to disclosure related to a commercial purpose, specifying the classes or categories of commercial entities to which the list may not be disclosed or by which the list may not be used for commercial purposes; or

(C) with respect to disclosure related to a political purpose, prohibiting the disclosure of the list to individuals and entities for political purposes. A policy adopted under subdivision (3)(A) or (3)(B) must be uniform and may not discriminate among similarly situated commercial entities. For purposes of this subsection, "political purposes" means influencing the election of a candidate for federal, state, legislative, local, or school board office or the outcome of a public question or attempting to solicit a contribution to influence the election of a candidate for federal, state, legislative, local, or school board office or the outcome of a public question.

(g) A public agency may not enter into or renew a contract or an obligation:

(1) for the storage or copying of public records; or

(2) that requires the public to obtain a license or pay copyright royalties for obtaining the right to inspect and copy the records unless otherwise provided by applicable statute;

if the contract, obligation, license, or copyright unreasonably impairs the right of the public to inspect and copy the agency's public records.

(h) If this section conflicts with IC 3-7, the provisions of IC 3-7 apply."

Please contact the Office of the Indiana Public Access Counselor, at 1-800-228-6013 if questions arise concerning access to public records or meetings.

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 5

March 2013

INTERNAL CONTROL SUGGESTIONS

Requests have been received that an article containing some suggestions or recommendations for improving internal control procedures in the operation of a township be included in the "Township Bulletin".

We encounter two entirely different sets of circumstances which affect internal control. Multi-person offices provide an opportunity to segregate or divide duties in such a manner as to provide greater internal control. Internal control becomes more difficult to implement for small offices, particularly where one person has many duties or is the only employee in the township office.

Internal control in relation to collections should have the various functions segregated such that the person that receives the payment and prepares the official receipt is not the one who enters the receipt on the records and deposits the collections in the public depository or calculates the record balance and prepares the bank reconciliation. The functions should be handled by as many different persons as feasible. Comparisons provide good control and provide for the discovery of errors or irregularities by the township employees in the normal course of their duties. Receipts must be written on serially prenumbered receipt forms (with a duplicate) at the time of receipt; the receipts should be counted and totaled at least daily, compared to and balanced with the total shown on the cash register tape, if used, or an adding machine tape of all receipts written. The receipts should agree with the total received during the period for which the deposit is made and payment type and amount should be clearly denoted (cash, check, money order, etc.). Post to the Financial and Appropriation Ledger and compare the total posted with the total received. All receipts must be deposited no later than the 1st and 15th day of each month and cash should never be used to cash personal checks. Persons receiving or handling money must be properly bonded and the bond recorded with the County Recorder.

Good control in relation to disbursements requires the segregation of purchasing from the certification of the receipt of goods and services as well as the writing of checks and the posting of those checks to the records. The more these functions can be handled by separate persons, the better the control. Also, uncompleted check forms should not be accessible to persons other than those authorized to prepare or supervise the check writing process. All blank check forms must be serially numbered in multiple copies or be electronically listed in serial number sequence on an approved check register format. Check forms should never be signed and signatures should never be applied in advance of preparation of the check. Voided or damaged check forms should be rendered non-negotiable and filed for subsequent inspection and audit. Checks should be mailed without allowing them to be returned to the persons who approved the transaction for payment.

Similar controls should be applied to other functions such as petty cash handling, payrolls (preparation and distribution), accounts receivable and payable, investments and investment income, inventories or materials, supplies, property and equipment, bonds payable, prenumbering of other processing programs and procedures. All of these areas should be controlled very carefully and the most acceptable method is through the separation of duties among personnel.

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 6

March 2013

GHOST EMPLOYMENT

IC 35-44.1-1-3 states:

“(a) A public servant who knowingly or intentionally:

- (1) hires an employee for the governmental entity that the public servant serves; and
- (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity;

commits ghost employment, a Class D felony.

(b) A public servant who knowingly or intentionally assigns to an employee under the public servant's supervision any duties not related to the operation of the governmental entity that the public servant serves commits ghost employment, a Class D felony.

(c) A person employed by a governmental entity who, knowing that the person has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony.

(d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony.

(e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides.

(f) For the purposes of this section, an employee of a governmental entity who voluntarily performs services:

(1) that do not:

- (A) promote religion;
- (B) attempt to influence legislation or governmental policy; or
- (C) attempt to influence elections to public office;

(2) for the benefit of:

- (A) another governmental entity; or
- (B) an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code;

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 7

March 2013

GHOST EMPLOYMENT, continued

(3) with the approval of the employee's supervisor; and

(4) in compliance with a policy or regulation that:

(A) is in writing;

(B) is issued by the executive officer of the governmental entity; and

(C) contains a limitation on the total time during any calendar year that the employee may spend performing the services during normal hours of employment;

is considered to be performing duties related to the operation of the governmental entity.”

ESTABLISHING SALARIES OF TOWNSHIP OFFICERS AND EMPLOYEES

As a reminder to all trustees, IC 36-6-6-10 (b) provides that the township legislative body shall fix the salaries, wages, rates of hourly pay; and remuneration other than statutory allowances of all officers and employees of the township each year.

Listings of positions on budget forms are not considered sufficient documentation of approved salaries and wages. The State Board of Accounts has provided a prescribed form, Township Form No. 17, to document the approved salaries and wages. The township board should also record the salaries so fixed in the township board minutes. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget.

IC 36-6-6-10 (c) provides subject to subsection (d) the township legislative body may reduce the salary of an elected or appointed official. However, the official is entitled to a salary not less than the salary fixed for the first year of the term of office that immediately preceded the current term of office.

IC 36-6-6-10 (d) provides subject to (h) ***the township legislative body may not alter the salaries of elected or appointed officers during the fiscal year for which they are fixed***, but it may add or eliminate any other position and change the salary of any other employee, if the necessary funds and appropriations are available.

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 8

March 2013

GATEWAY ANNUAL REPORT AND 100R

The Township Annual Report and Township 100R (Certified Report of Names, Addresses, Duties and Compensation of Public Employees) must be filed electronically through Gateway. If you have not filed these reports for 2012 you must file them as soon as possible. The Annual Report was due March 1, 2013, and the 100R was due January 31, 2013. For problems or questions concerning these reports please contact annualreport@sboa.in.gov.

Indiana Code 5-11-1-4 states:

“(a) The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. ***The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.***”

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.”

Indiana Code 5-11-13-1 states:

“(a) Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. ***The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7.***”

(b) The department of local government finance may not approve the budget of a county, city, town, or township or a supplemental appropriation for a county, city, town, or township until the county, city, town, or township files an annual report under subsection (a) for the preceding calendar year.”

**TOWNSHIP BULLETIN
and Uniform Compliance Guidelines**

Volume 300, Page 9

March 2013

GAO INDEPENDENCE STANDARD

The auditor independence provisions of the U. S. Government Accountability Office (GAO) are contained in its generally accepted government auditing standards (GAGAS).

The GAO issued such standards to better serve the public interest by maintaining a high degree of integrity, objectivity and independence for CPA's, and other practitioners who audit government entities and organizations receiving government funds.

Compliance with the standard hinges on the auditor's observance of two overarching principles and seven safeguards. The two overarching principles are critical to understanding the nonaudit service rules:

- (1) Audit organizations should not provide nonaudit services that involve performing management functions or making management decisions.
- (2) Firms should neither audit their own work nor provide nonaudit services in situations where the nonaudit services are significant or material to the subject matter of audits.

If the nonaudit service would violate either of the two overarching principles, then the firm would be required to make a choice between providing the service or performing the audit.

Personal, external, and organizational factors can impair auditor independence, as well as personal impairments relating to nonaudit service.

Therefore, if we arrive on the audit where records, documents, reconciliations, etc., are incomplete, or have not been completed at all, we will not be able to complete the records for you. We will however be able to consult and advise on the completion of the records.