

TOWNSHIP BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 304

March 2014

ITEMS TO REMEMBER

March

- 1 Last day to prepare, verify, and file the 2013 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))
- 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

- 18 Good Friday - Legal Holiday (IC 1-1-9-1)
- 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

- 26 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)

CONFLICT OF INTEREST

The State Board of Accounts hopes all public officials will avoid any situations whereby conflict of interest becomes a question. Due to their position of public trust, public servants should be extremely sensitive to any transactions that may cause concern of the taxpayers that either elected them or caused them to be appointed to or employed in a public office.

Please seek the written advice of your township attorney if you have any questions relating to IC 35-44.1-1-4. The Uniform Conflict of Interest Disclosure Statement can be found on our website at <http://www.in.gov/sboa/2416.htm>.

MEMBERSHIP DUES IN ORGANIZATIONS

IC 36-6-6-12 states: "(a) The legislative body may appropriate money for membership of the township in county, state, or national associations that:

- (1) are of a civic, educational, or governmental nature; and
- (2) have as a purpose the improvement of township governmental operations.

The township representatives may participate in the activities of these associations, and the legislative body may appropriate money to defray the expenses of township representatives in connection with these activities.

(b) Each representative of the township attending any meeting, conference, seminar, or convention approved by the township trustee shall be allowed reimbursement for all necessary and legitimate expenses incurred while representing the township. Expenses shall be paid to each representative in accordance with the township's reimbursement policy, which may include an established per diem rate, as recommended by the township trustee and adopted by the township legislative body."

Please note, personal memberships are not listed.

TRUSTEE COMPENSATION

We continue to receive inquiries concerning trustees receiving compensation from funds other than the township fund.

IC 36-6-6-10 concerning compensation of officers and employees states in part: "(b) The township legislative body shall fix the: (1) salaries; (2) wages; (3) rates of hourly pay; and (4) remuneration other than statutory allowances; of all officers and employees of the township . . . (d) Except as provided in subsection (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."

The township board should record the salaries so fixed in the township board minutes. A type of format for recording these salaries should be the existing format of Township Form No. 17. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget.

The trustee's salary may be paid from multiple township funds. The breakdown should mirror the estimated time spent for each duty and must be clearly stated in the salary resolution. The trustee cannot receive any compensation in excess of what is noted on the salary resolution for the trustee. It is very important that the township board makes it clear what that total salary of the trustee will be and for what duties he/she will perform on the salary resolution.

The State Board of Accounts is of the audit position that the compensation provided by a township board in accordance with IC 36-6-6-10 on the salary resolution is all inclusive for all duties performed. We will request reimbursement for any payments received above the compensation established for the trustee, board members or other employees.

MILEAGE

The township trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees (IC 36-6-8-3(b)). Since May 2011, the effective state employee mileage rate has been \$.44 per mile.

Mileage Claim Form Number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made.

APPROVAL OF ACCOUNTING FORMS AND SYSTEMS

The State Board of Accounts is charged by law with the responsibility of prescribing and installing a system of accounting and reporting which shall be uniform for every public office and every public account of the same class and contain written standards that an entity that is subject to audit must observe. The system must exhibit true accounts and detailed statements of funds collected, received, obligated and expended for or on account of the public for any and every purpose. It must show the receipt, use and disposition of all public property and the income, if any, derived from the property. It must show all sources of public income and the amounts due and received from each source. Finally it must show all receipts, vouchers, contracts, obligations, and other documents kept, or that may be required to be kept, to prove the validity of every transaction. [IC 5-11-1-2]

The system of accounting prescribed is made up of the uniform compliance guidelines and the prescribed forms. A prescribed form is one which is put into general use for all offices of the same class.

Computer hardware, software and application systems can now produce exact replicas of the forms prescribed by the State Board of Accounts. An exact replica of a prescribed form is a computerized form that incorporates all of the same information as the manual prescribed form. Prescribed form replication is the preferred approach from the State Board of Accounts' position. These exact replicas are the equivalent of the prescribed form and require no further action for the township to install the form within their accounting system.

Governments are required by law to use the forms prescribed by this department. However, if it is desirable to use a form other than the prescribed manual form, that is not an exact replica; the new form must be approved by State Board of Accounts.

All forms previously approved by sending copies to State Board of Accounts and receiving a form approval letter are approved with the conditions contained with the letter. All forms previously approved by the adoption of a resolution as allowed by the Township Bulletin article on the Form Approval Process, published in Volume 273, pages 2 are also considered approved.

After April 1, 2014, if a government implements, consistent with the provisions of Indiana Code and Uniform Compliance Guidelines, an automated accounting system that is to be considered for approval, the responsible official is not required to maintain the prescribed forms replaced by the automated system while awaiting the approval. New forms must be in place during at least one (1) State Board of Accounts audit and must not be an element of an audit finding or audit result and comment that is responsible or partially responsible for an exception found during an audit to be considered approved. The government is responsible for placing on new forms the year of installation in the upper right corner. This reference should be similar to "Installed in _____ Township, (Year)." The township must maintain and present for audit a log of forms installed after April 1, 2014 with the year installed for all forms that replace forms prescribed by State Board of Accounts.

APPROVAL OF ACCOUNTING FORMS AND SYSTEMS. Continued

The government agrees to comply with the following conditions, if applicable, for any new forms installed.

1. The forms and system installed are subject to review and/or recommendations during audits of the government to ensure compliance with current statutes and uniform compliance guidelines.
2. The government shall continue to maintain all prescribed forms not otherwise covered by an approval.
3. All transactions that occur in the accounting system must be recorded and accessible upon proper request. Transactions can be maintained electronically, with proper backups, microfilmed, or printed on hardcopy. These transactions include, but are not limited to, all input transactions, transactions that generate receipts, transactions that generate checks, master file updates, and all transactions that affect the ledgers in any way. The system must be designed so that changes to a transaction file cannot occur without being processed through an application.
4. The ability must not exist to change data after it is posted. If an error is discovered after the entry has been posted, then a separate correcting entry must be made. Both the correcting entry and the original entry must be maintained.
5. If the government owns the source code, sufficient controls must exist to prevent unauthorized modification. If the government does not own the source code, the vendor shall provide representatives of the State Board of Accounts with access to all computer source codes for the system upon request for audit purposes. In addition, the vendor shall provide representatives of the State Board of Accounts with a document describing the operating system used, the language that the source code is written in, the name of the compiler used, and the structure of the data files including data file names, data file descriptions, field names, and field descriptions for the system.
6. Any receipts, checks, purchase orders, or other forms that require numbering shall be either pre-numbered by an outside printing supplier or numbered by the government's computer system with sufficient controls installed in the system to prevent unauthorized generation of the form or duplication of numbers.
7. All receipts must be either in duplicate or recorded in a prescribed or approved register of receipts.
8. All checks must be either in duplicate or recorded in a register of checks generated by the computer.
9. Recap sheets for each deposit for deposit advices, if applicable, will be maintained indicating direct deposits. Individual wage assignment agreements will be kept on file to support direct deposit.
10. "Installed by _____ Township, (Year)" shall be printed, in the upper right corner, on each approved form furnished by a printing supplier and, when practical, on those printed from accounting systems at the unit. Upon the installation of a new form the form will be entered on a log for this purpose with the date of installation; and the name and number of the prescribed form replaced. The log must be available for audit.

APPROVAL OF ACCOUNTING FORMS AND SYSTEMS. Continued

11. The government officials are responsible to ensure that forms and accounting systems installed comply with the uniform compliance guidelines for information technology services published in the Township Bulletin and accounting manuals. This includes ensuring that customization of the system done by the vendor for implementation at the government is done in such a manner that the system remains compliant.
12. In the event a change is required due to the passage of a State or Federal law, the government agrees to implement the change in a timely manner.