

**JULY 2022**

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	
24	25	26	27	28	29	
31						

Indiana State Board of Accounts


July 2022 Webinar

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# AGENDA

- Electronic Transactions
  - Receiving
  - Paying
- Nepotism
- Contracting with a Unit

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Bngpayments.net/blog

## Receiving Payments

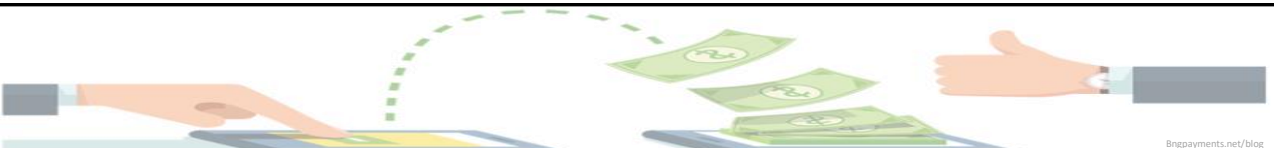
IC 36-1-8-11

- Cash
- Check
- Bank draft
- Money order
- Bank/credit card
- Electronic Funds Transfer (EFT)
- Any other instrument authorized by Council
  - ✓ Paypal, Venmo, etc.

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## Receiving Payments – Credit Cards


IC 36-1-8-11(f)

If bank charges you a fee for accepting credit cards, you can collect from the person/customer using the card either **or** both:

- Official fee that can't exceed the transaction charge charged to you
- Convenience fee
  - (a) not to exceed \$3 and
  - (b) must be uniformly charged

Fees can be collected regardless of retail agreements between bank and credit card vendors that may prohibit such fees

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## Receiving Payments – Credit Cards *(continued)*

### IC 36-1-8-11(f) *(continued)*

Fees can be collected regardless of retail agreements between bank and credit card vendors that may prohibit such fees

### IC 36-1-8-11(g)

If any service charges are assessed for accepting credit cards, you can pay them under IC 36-1-8-11



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## Disbursing Money Electronically


### Credit cards

- Council adopts policy in resolution/ordinance
- In accordance with [Cities & Towns Manual](#) chapter 1
- Policy should contain:
  - ✓ Purposes for which card can be used
  - ✓ Procedures for custody of card(s)
  - ✓ Not used to bypass the accounting system
  - ✓ Requirements for supporting documentation



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DISCOVER  
bankstatements.com

Discover® 1P Checking Card  
Account Number: 6011 1234 5678 9010  
Cardholder Name: J. Doe  
Cardholder Address: 123 Main St, Anytown, IN 46101

ACCOUNT SUMMARY

Previous Balance	\$100.00
Payments	\$50.00
Charges	\$75.00
Interest	\$1.00
Other Fees	\$0.00
New Balance	\$126.00

PAYMENT INFORMATION

New Balance: \$126.00  
Minimum Payment: \$12.60  
Payment Due Date: November 15, 2021  
Late Payment Penalty: \$35.00 (if not received by the scheduled payment due date)

REWARDS

Cardholder Bonus*	\$0.00
Other Rewards	\$0.00
Gift Cards	\$0.00
Statement Credits	\$0.00
Cardholder Bonus Balance	\$0.00

DISCOVER CARD SERVICES

Discover Card Services are available 24 hours a day, 7 days a week. For more information, visit [discover.com](http://discover.com) or call 1-800-368-5623.

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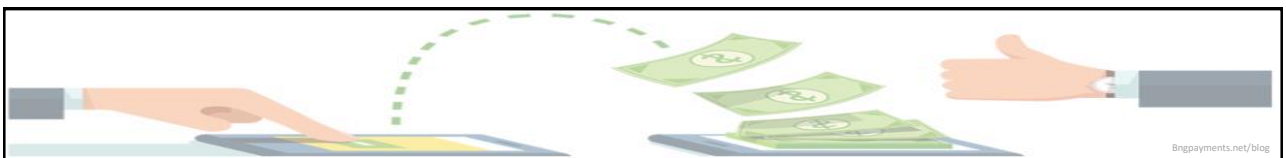
## Disbursing Money Electronically

### Credit cards – what we'll audit for

- Internal controls
- Supporting documentation
- Purposes for which card can be used
  - ✓ Original receipts
  - ✓ Consider copying heat printed receipts & attaching to original (in case of fading print over time)
  - ✓ Something should exist for each card usage
  - ✓ Can't pay from statement alone
  - ✓ Late fees / interest



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ACCOUNT SUMMARY

Previous Balance	\$100.00
Payments	\$50.00
Charges	\$75.00
Interest	\$1.00
Other Fees	\$0.00
New Balance	\$126.00

PAYMENT INFORMATION

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## Disbursing Money Electronically

### Electronic payments

- Online billpay through bank, ACHs, etc.
- [IC 36-1-8-11.5](#)
- Council must adopt resolution to authorize an electronic funds transfer method of payment of claims
- Also applies to utility claims
- Electronic payments still have to comply with [IC 5-11-10-1.6](#) for paying claims and [IC 36-4-8-14](#) (cities) and [IC 36-5-4-12](#) (towns) regarding paying claims described in an ordinance before council approval



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## Disbursing Money Electronically

### Electronic payments in advance

- Generally, can't pay for goods or services prior to receiving said goods or services:
  - ✓ [Cities & Towns Manual.pdf](#) – chapter 1, page 1-3
  - ✓ [IC 5-11-10-1.6](#)
    - Can pay meal expense advances to city/town employees who are traveling on official business – if an ordinance exists allowing it
    - [IC 36-4-8-9](#) (cities) can pay compensation prior to an employee's vacation starting if person is salaried.
    - Can pay for PSAP equipment in advance of receiving it ([IC 36-8-16.7-38.5](#))



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## Disbursing Money Electronically


### Electronic payments before governing body approval

- Can pay certain items described in an ordinance prior to governing body approval:
  - [IC 36-4-8-14](#) (cities)
  - [IC 36-5-4-12](#) (towns)
- Ordinance is required
- Isn't meant to bypass the claims process
- Payments still get approved at the next meeting of the governing body



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## Disbursing Money Electronically


### Internal Controls

**Necessary** – nature of electronic payments lends itself to tighter controls and more scrutiny to detect and correct errors, as well as to prevent fraud

- ✓ Segregation of duties
- ✓ Reviews
- ✓ Approvals
- ✓ Documentation of all



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## NEPOTISM/CONTRACTING POLICIES

- ▶ IC 36-1-20.2
  - ▶ "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"
- ▶ IC 36-1-21
  - ▶ A unit may enter into a contract with a relative (or relative's business) only if:
    - ▶ The requirements of this section are satisfied &
    - ▶ Elected official does not violate IC 35-44.1-1-4

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## Nepotism/Contracting Policies

- ▶ IC 36-1-20.2-8 and 36-1-21-3 defines "relative" as
  - ▶ Spouse
  - ▶ Parent or stepparent
  - ▶ Child or stepchild
  - ▶ Brother, sister, half-brother, half-sister, stepbrother, stepsister
  - ▶ Niece or nephew
  - ▶ Aunt or Uncle
  - ▶ Daughter-in-law or son-in-law
  - ▶ Adoptive child is considered same as natural child

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## Nepotism/Contracting Policies

- ▶ Some individuals may be "grandfathered" in
- ▶ IC 36-1-20.2-2 "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. The following are not considered a break in employment with the unit.
  - ▶ (1) The individual is absent from the workplace while on paid or unpaid leave, including vacation, sick, or family medical leave, or worker's compensation.
  - ▶ (2) The individual's employment with the unit is terminated followed by immediate reemployment by the unit, without loss of payroll time.

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# NEPOTISM/CONTRACTING POLICIES

## *Direct Line of Supervision – Nepotism*

**IC 36-1-20.2-4(a)** “. . . a person is in the “direct line of supervision” of an elected officer or employee 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, advancements, or performance evaluation.”

## *Annual Certification – Nepotism and Contracting*

**IC 36-1-20.2-16** each elected officer of the unit to annually certify in writing, subject to the penalties of perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.

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# NEPOTISM/CONTRACTING POLICIES

- ▶ Both statutes require local policies be adopted
  - ▶ 2 Policies!
    - ▶ Both policies can be adopted in one, but must address both statutes
- ▶ These policies are what is required to be uploaded to Gateway.
- ▶ DLGF will not pass your budget without these!

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## Reminders:

### IC 36-1-21-7 Contracting and Nepotism

"If the state board of accounts finds that a unit has not implemented a policy under this chapter, the state board of accounts shall forward the information to the department of local government finance."

### IC 36-1-21-8 Contracting and Nepotism

"If a unit has not implemented a policy under this chapter, the department of local government finance may not approve:

- (1) the unit's budget; or
- (2) any additional appropriations for the unit;

for the ensuing calendar year until the state board of accounts certifies to the department of local government finance that the unit is in compliance with this chapter."

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## IC 36-1-30-2

Sec. 2. (a) On or before January 31, all local units of government shall annually submit to the state board of accounts a report of each individual local unit of government employee employed by the local unit of government whose salary is funded in whole or in part from donated money.

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## Contact Info



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