IASBO Region #2

April 14, 2016

Contact Information

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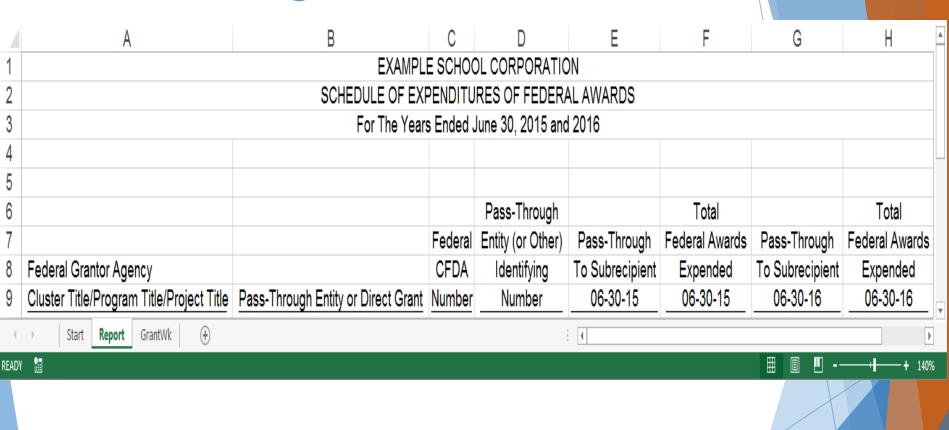 - (317) 232-2512

SEFA Changes

- Are there new compliance guidelines that SBOA is going to be implementing on the SEFA and if so, what are they?

- Answer: No and Yes!
  - Yes, there are changes, but they are not changes WE are making.

- You will still input information into Gateway like you have been doing the last couple of years...SEFA will just look different when it is pulled out of Gateway.

SEFA Changes (continued)

- Information that previously could have been presented in the Notes must now be presented on the face of the schedule:

  - Amounts provided to Subrecipients

    - Shown in separate column

  - Amounts from Loan and Loan Guarantee Programs

    - Shown on a separate line in the totals column

  - Amounts of Noncash Awards

    - i.e. commodity information for Child Nutrition Cluster

    - Shown on a separate line in the totals column

SEFA Changes (continued)

- SEFA must now include a total of each cluster of programs

- Notes to the SEFA must include whether or not you elected to use the 10% de minimis indirect cost rate

SEFA Changes (continued)

For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 12-13	$ 17,541	$ -
			FY 13-14	-	13,430
Total - School Breakfast Program				17,541	13,430
National School Lunch Program	Indiana Department of Education	10.555			
			FY 12-13	91,938	-
			FY 13-14	-	81,612
Total - National School Lunch Program				91,938	81,612
Total - Child Nutrition Cluster				109,479	95,042
Total - Department of Agriculture				109,479	95,042
Department of Education					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-7610	176,189	-
			13-7610	211,531	129,832
			14-7610	-	177,019
Total - Title I Grants to Local Educational Agencies				387,720	306,851
Special Education Cluster (IDEA)					
Special Education-Grants to States (IDEA, Part B)	Indiana Department of Education	84.027			
			14212-046-PN01	45,528	
			14213-046-PN01	73,736	43,716

SEFA Changes (continued)

	A	B	C	D	E	F	G	H
1	EXAMPLE SCHOOL CORPORATION							
2	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS							
3	For The Years Ended June 30, 2015 and 2016							
4								
5								
6				Pass-Through		Total		Total
7			Federal	Entity (or Other)	Pass-Through	Federal Awards	Pass-Through	Federal Awards
8	Federal Grantor Agency		CFDA	Identifying	To Subrecipient	Expended	To Subrecipient	Expended
9	Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Number	Number	06-30-15	06-30-15	06-30-16	06-30-16

Start | **Report** | GrantWk

READY — 140%

New Official Bond Requirements

- Amended IC 20-26-4-5

- Now includes requirements to bond: the Treasurer, the Deputy Treasurer, and any individual whose duties include receiving, processing, depositing, disbursing, or having access to funds that belong to a school corporation

- Can now purchase a blanket bond as long as it is endorsed to include faithful performance of all required bond holders and includes aggregate coverage for all of the specified amounts of the required bond holders

New Official Bond Requirements

- SBOA Audit position on Bonding Requirements
  - Update issued October 22, 2015 and included in the December 2015 School Bulletin
- Further SBOA will not take exception to coverage via a crime insurance policy as long as it is authorized by resolution and endorsed to cover faithful performance and includes aggregate coverage
- SBOA will not take exception to not obtaining a bond for individuals who receive, process, deposit, disburse, or have access to less than $5,000 of funds per event or duty
- It will be optional to submit a copy of the official bonds to the SBOA on the 2015-2016 Gateway Annual Report

School Reporting Materiality Policy

- State Examiner Directive 2015-6 requires each school to develop their own materiality policy in regards to IC 5-11-1-27(j)
  - Should include steps taken in the event of a variance, loss, shortage, or theft
  - Should include a threshold at which point the school will report the event to the SBOA
    - Threshold should distinguish between incidents involving cash and those involving other types of assets
  - Should include the retainage of documentation detailing the event and the solution that was determined
- If a school does not adopt a policy, then the threshold to report to the SBOA will be considered $0 and every variance, loss, shortage, or theft would be required to be reported.

School Reporting Materiality Policy (continued)

- ▶ Procedures to report a material variance, loss, shortage, or theft
    - ▶ SBOA website contains a notification link which reports via email
    - ▶ Incidents may be reported via telephone conversations
    - ▶ Incidents may be reported via in person contact
- ▶ SBOA will gather sufficient information and evaluate to determine the action that needs to be taken for the event

School Reporting Materiality Policy (continued)

- **IC 5-11-1-27(l) still requires school officials that have actual knowledge or reasonable cause that a misappropriation of public funds has occurred to send written notice immediately to the SBOA and the County Prosecuting Attorney**

- Misappropriation occurs when an employee or in-house contractor of the school wrongly takes or embezzles public funds.

  - Materiality thresholds do not apply to occurrences of misappropriation.

Prepaid School Meal Accounts

- The School Bulletin, September 2015 – Volume 211, Page 5 (http://in.gov/sboa/files/scb2015_211.pdf)

  - Fund 8400

  - Transfer to 800 when student charges

  - School Board policy on students charging when they don't have a positive balance

Internal Controls

- Resources
    - Our Website
        - www.in.gov/sboa/4449.htm
        - Internal Control Standards Section
            - Manual
            - Webinar
            - Other training
            - Training Certification
        - March 2016 Bulletin – Volume 213

Internal Controls (continued)

▶ Your statutory requirements:

   ▶ School Board adopts standards

   ▶ Train personnel

   ▶ Document specific I/C policies and procedures

   ▶ Certify (in 2017 Gateway AFR)

      ▶ Standards were adopted

      ▶ Personnel received training

Internal Controls (continued)

▶ **Definition** (from manual on our website)

    ▶ A process executed by officials and employees that is designed to provide reasonable assurance that the objectives of the political subdivision will be achieved;

    ▶ It is a basic element fundamental to the organization, rather than a list of added on tasks;

    ▶ It is an adaptable process that is a means to an end, not an end in itself;

    ▶ It is focused on the achievement of objectives; and

    ▶ It is dependent on officials and employees for effective implementation

Internal Controls (continued)

- ▶ 5 Components
  - ▶ Control Environment
  - ▶ Risk Assessment
  - ▶ Control Activity
  - ▶ Information and Communication
  - ▶ Monitoring

Internal Controls (continued)

- Segregation of Duties
  - Integral part of a proper set of internal controls
  - 4 general categories:
    - Authorization
    - Custody
    - Record keeping
    - Reconciliation
  - Ideally, no one person should have control of 2 or more of the above categories
  - If one person does control 2 or more of the above categories, then some type of mitigating control should be implement, i.e. a detailed review process

Internal Controls (continued)

- What do you do if you cannot have proper segregation of duties?

    - Incorporate the board and/or superintendent

    - Make sure there is sufficient review of the activities performed

Contact Information

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