

SBOA UPDATE

2016 IASBO Annual Meeting

May 12, 2016

Contact Information

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State Examiner Directives

- 2015-5 effective August 19, 2015
 - School Fees and Textbook Assistance
- 2015-6 (amended) effective April 7, 2016
 - Materiality threshold for reporting irregular variances, losses, shortages, and thefts
- Can be found at www.in.gov/sboa/4449.htm

Uniform Guidance

- Effective for federal grants received after December 26, 2014
 - Direct –vs – Passed-Through
 - Pass-through must tell you when a grant received falls under the uniform guidance
 - DOE has indicated that no funding was provided under this until 7/1/15 (10/1/15 for Child Nutrition Cluster)

Uniform Guidance (Continued)

- SEFA changes
 - Schools input the same information into Gateway
 - Look of SEFA will change (SBOA chose to implement immediately)
 - The following will now appear on the face of the SEFA instead of the notes
 - Amounts provided to Subrecipients
 - Amounts from Loan and Loan Guarantee Programs
 - Amounts of Noncash Awards (i.e. commodities for NSLP)

Uniform Guidance (Continued)

- SEFA changes (continued)
 - Look of SEFA will change (continued)
 - A total for each cluster is now required
 - Notes to the SEFA must now include whether or not the auditee elected to use the 10% de minimis indirect cost rate

Uniform Guidance (Continued)

- Other Reporting changes
 - Section III findings are now required to include a statement of cause and must indicate a related finding number if it is repeated from the prior audit report.
 - Views of the responsible official must be included in all findings.
 - Summary Schedule of Prior Audit Findings must include both Section II and Section III findings (changed from only Section III)
 - Subrecipients will no longer be required to submit the audit report to pass-through entities or notify pass-through entities that an audit was conducted and not findings were included in the report.
 - Copies of the Data Collection Form and reporting package will be available for public inspection (changed from just Data Collection Form being available for public inspection)

Uniform Guidance (continued)

- Changes to Audit Requirements
 - Beginning for July 1, 2015 to June 30, 2017 audit period
 - Amount of federal expenditures required for a Single Audit is \$750,000 (Changed from \$500,000)
 - Percentage of coverage is 20% (changed from 25%) for low-risk and 40% (changed from 50%) for high-risk auditees
 - Criteria for determining risk is less dependent on auditor judgement.

2015 Compliance Supplement

- During the period covered by the 2015 supplement, non-Federal entities will have Federal awards expended that are subject to requirements from OMB Circulars and the Uniform Guidance.
 - Part 3.1 will be used for Federal awards made prior to 12-26-14.
 - Part 3.2 will be used for Federal awards made on or after 12-26-14.

2015 Compliance Supplement (continued)

- Some changes noted in Part 3.2
 - Allowable Cost/Cost Principles
 - Indirect Costs – outlines special procedures that must be performed if there indirect costs
 - Ways to recover (1) Rate (either calculated or the De Minimis rate of 10%); (2) Allocated or billed
 - Must have documentation how Indirect costs were applied: (1) Agreement (Negotiated Rate); (2) De Minimis rate (10% of Modified Total Direct Costs Base); (3) Cost allocation plan (allocated or billed)
 - Negotiated rates must be accepted by all federal awarding agencies
 - Entities may use the De Minimis rate (10%) if they have never had a negotiated rate; allowed to be used indefinitely; must calculated modified total direct costs (excludes equipment, capital expenditures, rental costs, scholarships, etc.)

2015 Compliance Supplement (continued)

- Some changes noted in Part 3.2 (continued)
 - Cash Management
 - All non-Federal entities must establish written procedures to minimize the time elapsing between the transfer of funds and disbursement of funds
 - Any interest earned in excess of \$500 must be submitted to HHS at least quarterly

2015 Compliance Supplement (continued)

- Some changes noted in Part 3.2 (continued)
 - Equipment and Real Property Management
 - Property records must be maintained;
 - Physical inventories must be completed every two years;
 - A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft;
 - Adequate maintenance procedures must be developed to keep property in good condition.

2015 Compliance Supplement (continued)

- Some changes noted in Part 3.2 (continued)
 - Procurement and Suspension and Debarment
 - Must have their own documented procurement procedures that at least meet the minimum procurement standards in 2 CFR 200.318
 - Must conduct all procurement transactions in a manner providing full and open competition
 - Can only use the micro-purchase and small purchase methods for procurements that meet applicable criteria of 2 CFR 200.320(a) and (b)
 - Must use one of the three methods when an acquisition exceeds the simplified acquisition threshold: (1) Sealed bid method; (2) Competitive proposals method; (3) Noncompetitive proposals method

Public Law Changes for 2016

www.in.gov/legislative/

Public Law 2-2016

House Enrolled Act 1003

Teacher Evaluations

Amends IC 20-43-10-3

- Effective July 1, 2015 (retroactive)

- Provides that, for a state fiscal year beginning July 1, 2015, and ending June 30, 2016, the amount that a school corporation may receive as part of a performance grant relating to test results shall be calculated using the higher of: (1) the percentage of passing scores on ISTEP program tests for the school for the 2013-2014 school year; or (2) the percentage of passing scores on ISTEP program tests for the school for the 2014-2015 school year. Specifies that if a school's performance grant is calculated using the percentage of passing ISTEP scores from the 2013-2014 school year, the grant amount may not exceed (with certain exceptions) the grant amount that the school received for the state fiscal year beginning July 1, 2014, and ending June 30, 2015. **Provides that the school corporation shall distribute all stipends from a performance grant to individual teachers within 20 business days of the date the department distributes the performance grant to the school corporation.** Provides that ISTEP program test scores or a school's category or designation of school improvement for the 2014-2015 school year may not be used by a school corporation as part of an annual performance evaluation of a particular certificated employee unless the use of the ISTEP program test scores or a school's category or designation of school improvement would improve the particular teacher's annual performance rating.

Public Law 106-2016

House Enrolled Act 1005

Various education matters

Adds and Amends numerous sections of IC 20

- Effective July 1, 2016 and July 1, 2017

- Removes references to charter schools and public schools from the provisions relating to the choice scholarship program. Provides that, beginning with the state fiscal year beginning July 1, 2016, the state board of education (state board) shall fix a second count date in the spring semester to count eligible pupils enrolled in special education programs. Provides that the count is used for informational purposes. Establishes a dual credit teacher stipend matching grant program. Provides that, notwithstanding a confidentiality agreement, a school that receives a request for an employment reference for a current or former employee, from another school, shall disclose to the requesting school any incident, known by the school, in which the employee has committed an act resulting in a substantiated report of abuse or neglect. Provides that a school shall not disclose any identifying information concerning a student. Provides that a confidentiality agreement entered into by a school and an employee is not enforceable against the school if the employee committed an act resulting in a substantiated report of abuse or neglect. Provides that the individual in charge of an institution, school, facility, or agency that receives a report of child abuse or neglect shall immediately report the allegation to the department of child services or local law enforcement. Provides that a judge shall provide notification to the state superintendent of instruction and certain school administrators if a person is convicted of certain crimes and is a teacher. Requires schools to conduct checks whether applicants have been the subject of reports of committing child abuse or neglect or had a teacher's license suspended or revoked in another state. Establishes the career pathways and mentorship program to provide supplemental pay for classroom teachers who demonstrate effectiveness in their work and take on additional responsibilities in advanced roles. Establishes the system for teacher and student advancement grant fund and program to assist school corporation transition to the System for Teacher and Student Advancement (TAP) teacher performance model program or a similar program. Provides that the program is administered by the state board in consultation with the department. Provides that, for the first two full school years that a teacher provides instruction to students in elementary school or high school, the teacher is not prohibited from receiving a raise or increment for the following year if the teacher receives a rating of ineffective or improvement necessary. Provides that, if a teacher provides instruction to students in elementary school or high school in another state, any full school year, or its equivalent in the other state, that the teacher provides instruction counts toward the two full school years. Provides that a school corporation may make a supplemental payment to a teacher who teaches an advanced placement course.

Public Law 126-2016

Senate Enrolled Act 67

Local income tax distributions

Adds IC 6-3.6-9-17; and Amends IC 6-3.6-9-1; IC 6-3.6-9-15;

- Effective Upon passage and July 1, 2016

- Provides for a supplemental distribution of local income taxes when the balance in a county's local income tax trust account exceeds 15% (rather than 50%, under current law) of the certified distributions to be made to the county. Specifies the accounting, allocation method, and distribution requirements for supplemental distributions. Requires before May 2016 a one time special allocation of the balance in a county's trust account as of December 31, 2014. Provides that a taxing unit's allocation amount is to be determined in the same manner as a supplemental distribution would have generally been determined under the former income taxes. Requires a special distribution of the allocation amount. Provides that at least 75% of the distributions made to a county, city, or town must be: (1) used exclusively for local road construction, maintenance, or repair, or capital projects for aviation, including capital projects of an airport authority; or (2) deposited in a rainy day fund and later used for those purposes. Provides that any remaining distribution to a county, city, or town may be used for any purposes of the county, city, or town. **Requires the allocation amount for other taxing units to be deposited in the taxing unit's rainy day fund.**

Public Law 127-206

Senate Enrolled Act 93

Various education matters

Adds, Amends, and Repeal numerous sections in IC 20

- Effective Upon passage; July 1, 2016; and January 1, 2017

- Provides that every public school building shall be supplied with safe, potable water from a public water system approved by the commissioner of the department of environmental management. Provides that the financial specialist appointed for the Gary Community School Corporation may perform the duties authorized under the statute for not more than 24 consecutive months (rather than 12 consecutive months, under current law). Amends the definition of "secondary school" to include certain elementary grades for purposes of a federal student loan forgiveness program for highly qualified teachers in high needs areas. Provides that, before an entity may authorize a charter school, the entity must conduct a public meeting with public notice in the county where the charter school will be located. Provides that a charter school is considered a school corporation for purposes of any state or federal funding opportunities administered by the department or any other state agency that are otherwise available to a school corporation. Provides that an authorizer must conduct a public hearing in the school corporation in which a proposed charter school will be located. Provides if the location of the proposed charter school has not been determined, the public hearing must be held within the county where the proposed charter school would be located. Provides for staggered terms for the members of the East Chicago school board. Provides that if a school corporation or a charter school does not pay taxes due under the Federal Insurance Contributions Act within 30 days after the due date (and any known accrued penalties and interest on those taxes) or does not pay withheld state income taxes (and any known accrued penalties and interest on those taxes) within 30 days after the due date: (1) the school business official or financial officer shall report the failure to pay the taxes and the penalties and interest to the governing body of the school corporation or charter school; and (2) the governing body shall report at a public meeting on the failure to pay the taxes and the penalties and interest. Specifies that if during the following 365 days the school corporation or charter school has a subsequent failure to pay the taxes and known accrued penalties and interest within 30 days after the due date, the school corporation or charter school shall provide notice of its subsequent delinquency to the department of education, the budget agency, and the distressed unit appeal board. Provides that a school corporation may accept a student who does not have legal settlement in the school corporation into an alternative education program even if the school corporation does not otherwise accept transfer students.

Public Law 128-2016

Senate Enrolled Act 96

Curricular materials

Amends IC 20-26-12-23

- Effective Upon passage

- Extends from three years to four years the timeline for serial maturation of notes issued by a school corporation to buy curricular materials.

Public Law 138-2016

Senate Enrolled Act 279

Referendum and petition and remonstrance process

Amends IC 6-1.1-20-3.1; IC 6-1.1-20-3.5; IC 20-46-1-8; IC 20-46-1-10; and

Adds IC 20-46-1-5.5; IC 20-46-1-8.5; IC 20-46-1-10.1

- Effective Upon passage and July 1, 2016

- Provides that at least 500 or 5% of the property owners or registered voters of a political subdivision are necessary to initiate either a debt service remonstrance or debt service referendum. (Current law provides that at least 100 or 5% of the property owners or registered voters of a political subdivision are necessary to initiate either a debt service remonstrance or debt service referendum.) Specifies that a resolution to extend a referendum levy must be adopted by the governing body of a school corporation and approved by the voters before December 31 of the final calendar year in which the school corporation's previously approved referendum levy is imposed. Specifies the ballot language for a referendum to extend a referendum levy. Provides that the number of years for which a referendum levy may be extended if the referendum is approved may not exceed the number of years for which the expiring referendum levy was imposed.

Public Law 142-2016

Senate Enrolled Act 327

Transparency Portal

Adds IC 5-14-3.8-3.5

- Effective July 1, 2016

- Requires a political subdivision to upload certain contracts to the Indiana transparency Internet web site during each year that the contract amount payable by the political subdivision for the year exceeds the lesser of: (1) 10% of the political subdivision's property tax levy; or (2) \$50,000.
- Contract must be uploaded within 60 days after it is executed.

Public Law 147-2016

House Enrolled Act 1017

Publication of notice by political subdivisions

Adds IC 5-3-1-0.2; and Amends IC 5-3-1-1; IC 5-3-1-1.5; IC 5-3-1-2; IC 5-3-1-4; IC 9-22-1-23;
IC 16-8-2-301; IC 20-48-4-2; IC 36-12-5-3

- Effective July 1, 2016

- Provides that in certain circumstances, a political subdivision (other than a county) may publish notice in a locality newspaper that circulates in the political subdivision instead of in a newspaper that is published in the county and circulates in the political subdivision. Establishes requirements for locality newspapers that may publish notice.

Public Law 151-2016

House Enrolled Act 1109

School funding and annual performance grants

Amends IC 6-1.1-20.6-9.9; IC 20-40-8-19; IC 20-43-4-2; IC 20-43-4-9; IC 20-43-10-3

- Effective Upon passage; July 1, 2016; and January 1, 2017;

- Extends through 2018 the eligibility of school corporations to allocate circuit breaker credits proportionately. Provides, with some exceptions, that if: (1) a school corporation in 2017 or 2018 issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy; and (2) the school corporation's total debt service levy in 2017 or 2018 is greater than the school corporation's debt service levy in 2016; the school corporation is not eligible to allocate circuit breaker credits proportionally. Extends the date to January 1, 2018, for using money in a school's capital projects fund for utility services and property and casualty insurance. Changes the submission date for a school corporation's fall average daily membership (ADM) estimates to April 1 of each year. Specifies, for a school corporation that fails to submit its ADM estimates by the deadline, that the department is to compute the monthly support distributions using data that were used by the general assembly in determining the state tuition support appropriation for the budget act. Amends certain annual performance grant provisions that set forth the: (1) qualification requirements; and (2) grant amount; for annual performance grants. Requires review by the budget committee before the distribution of an annual performance grant to schools. Provides that the department of education (department), after review by the budget committee, may waive the deadline by which annual performance grants must be distributed to schools and approve an extension of that deadline to a later date within the state fiscal year. Repeals certain deadlines for a school to distribute the stipends from a performance grant received from the department to individual teachers. Provides that a school must distribute all stipends from a performance grant to individual teachers within 20 business days of the date the department distributes the performance grant to the school. (Under current law, a school must distribute stipends from a performance grant within 20 business days of receipt only in the state fiscal year beginning July 1, 2015, and ending June 30, 2016.) Provides that the appropriation of \$2,000,000 in the state budget for excellence in performance grants does not revert to the state general fund on June 30, 2016, but remains available for allotment if the state board of education approves the grants before July 1, 2016.

Public Law 184-2016

Senate Enrolled Act 321

Local government budgeting

Adds and amends numerous sections of IC 6-1.1 and IC 36-1

- Effective Upon passage and July 1, 2016

- Provides that for each budget year after 2018, the department of local government finance (DLGF) shall certify a political subdivision's budget, tax rate, and tax levy not later than: (1) December 31 of the year preceding the budget year, unless a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal; or (2) January 15 of the budget year, if a taxing unit in a county is issuing debt after December 1 in the year preceding the budget year or intends to file a shortfall appeal. (Under current law, these certifications must be completed not later than February 15 of the budget year.) Retains the November 1 deadline for a political subdivision to adopt a budget for the following year....

Public Law 188-2016

House Enrolled Act 1372

Public personnel bonds and state board of accounts

Amends IC 5-11-5-1; IC 20-26-4-5

- Effective July 1, 2016

- Amends the law requiring surety bonds for certain individuals having public fiscal responsibilities to: (3) set threshold amounts of public funds for which a bond is required; Allows, rather than requires, the commissioner of insurance to prescribe the form of public official surety bonds and crime insurance policies.
- Allows, in certain circumstances, the state examiner to issue an examination final report less than 45 days after an initial exit conference. Allows certain individuals who receive state board of accounts records to divulge the records in an action with respect to the misappropriation or diversion of public funds. amendments.

Public Law 208-2016

Senate Enrolled Act 126

Political subdivision information on the internet

Amends IC 5-14-3.7-3; IC 5-14-3.8-3; and Adds IC 5-14-3.9

- Effective July 1, 2016 and January 1, 2017

- Requires local governments and school corporations to provide information for posting on the Indiana transparency Internet web site (transparency web site) as follows: (1) Expenditures categorized by personal services, other operating expenses or total operating expenses, and debt service, including lease payments, related to debt. (2) A listing of fund balances, specifically identifying balances in funds that are being used for accumulation of money for future capital needs. Requires the department of local government finance (department) after July 31, 2017, to publish an annual financial and operational summary of each political subdivision on the transparency web site. Requires a political subdivision that has a public Internet web site to publish a link to the transparency web site. Requires the department to determine the summary's form, content, and publishing dates. Provides that the department of education determines the educational performance information to be included in the summary published by a school corporation.