




Indiana State Board of Accounts

Regional Training

Spring 2019

Contact Information



Todd Caldwell, CFE Director of Audit Services	Susan Gordon, CPA, CFE Director of Audit Services
--	--

cities.towns@sboa.in.gov

317-232-2513

Bank Reconcilements



Bank Reconciliation
Town of Toddville
March 2019

Bank Account Balance - March 31, 2019 \$74,832.14

Add:

Deposits in Transit 150.17

*(money you have receipted in your ledger
but the deposit hasn't shown up on the
bank account by the end of the period)*

Date	Amount
3/29/2019	125.17
3/30/2019	<u>25.00</u>
	150.17

Bank Reconciliation
Town of Toddville
March 2019

Bank Account Balance - March 31, 2019 \$74,832.14

Add:

Deposits in Transit 150.17

*(money you have receipted in your ledger
but the deposit hasn't shown up on the
bank account by the end of the period)*

Date	Amount
3/29/2019	125.17
3/30/2019	<u>25.00</u>
	150.17

Less:

Outstanding Checks (5,170.54)

*(checks you have written and posted
to your ledger, but they have not been
paid - or "cleared" - the bank)*

Check	Date	Amount
123	12/15/2018	4.50
125	1/4/2019	17.55
130	1/24/2019	100.00
131	3/15/2019	678.99
132	3/29/2019	<u>4,369.50</u>
		5,170.54

Reconciling items:



Bank Reconciliation Town of Toddville March 2019			
Bank Account Balance - March 31, 2019	\$74,832.14		
Add:			
Deposits in Transit	150.17		
<i>(money you have received in your ledger but the deposit hasn't shown up on the bank account by the end of the period)</i>		<u>Date</u> <u>Amount</u>	
		3/29/2019	125.17
		3/30/2019	<u>25.00</u>
			150.17
Less:			
Outstanding Checks	(5,170.54)		
<i>(checks you have written and posted to your ledger, but they have not been paid - or "cleared" - the bank)</i>		<u>Check</u> <u>Date</u> <u>Amount</u>	
		123	12/15/2018 4.50
		125	1/4/2019 17.55
		130	1/24/2019 100.00
		131	3/15/2019 678.99
		132	3/29/2019 <u>4,369.50</u>
			5,170.54
Reconciling items:			
Add or Subtract			
Interest	(3.21)		
<i>(put into bank account but not yet received)</i>			
NSF Checks	50.00		
<i>(checks presented to you, received, but the checks bounce when they get to the bank)</i>			
Service Fees	5.00		
<i>(fees charged by bank - taken out of account but not yet posted as disbursement to ledger)</i>			
Encoding Error	9.90		
<i>(bank runs a check you wrote for \$100.10 as \$110.00; they took out 9.90 too much)</i>			
Encoding Error	(0.10)		
<i>(bank runs a deposit you recorded at \$55.55 as \$55.65; they gave you \$.10 too much)</i>			




Bank Account Balance - March 31, 2019	\$74,832.14		
Add:			
Deposits in Transit	150.17		
<i>(money you have received in your ledger but the deposit hasn't shown up on the bank account by the end of the period)</i>		<u>Date</u> <u>Amount</u>	
		3/29/2019	125.17
		3/30/2019	<u>25.00</u>
			150.17
Less:			
Outstanding Checks	(5,170.54)		
<i>(checks you have written and posted to your ledger, but they have not been paid - or "cleared" - the bank)</i>		<u>Check</u> <u>Date</u> <u>Amount</u>	
		123	12/15/2018 4.50
		125	1/4/2019 17.55
		130	1/24/2019 100.00
		131	3/15/2019 678.99
		132	3/29/2019 <u>4,369.50</u>
			5,170.54
Reconciling items:			
Add or Subtract			
Interest	(3.21)		
<i>(put into bank account but not yet received)</i>			
NSF Checks	50.00		
<i>(checks presented to you, received, but the checks bounce when they get to the bank)</i>			
Service Fees	5.00		
<i>(fees charged by bank - taken out of account but not yet posted as disbursement to ledger)</i>			
Encoding Error	9.90		
<i>(bank runs a check you wrote for \$100.10 as \$110.00; they took out 9.90 too much)</i>			
Encoding Error	(0.10)		
<i>(bank runs a deposit you recorded at \$55.55 as \$55.65; they gave you \$.10 too much)</i>			
Subtotal	69,873.36		
Ledger Balance March 31, 2019	<u>69,873.36</u>		
Difference	<u>-</u>		



Bank Reconcilements



as 69,873.36; they gave you 69,873.36 too much)

Subtotal		69,873.36
Ledger Balance March 31, 2019		<u>69,873.36</u>
Difference		<u><u>-</u></u>

Bank Reconcilements



as 69,873.36; they gave you 69,873.36 too much)

Subtotal		69,873.36
Ledger Balance March 31, 2019		<u>69,873.36</u>
Difference		<u><u>-</u></u>
Fund Balances March 31, 2019		
General	32,016.35	
MVH	13,745.25	
LRS	4,321.10	
Park	1,234.90	
Water Utility	<u>18,555.79</u>	<u>69,873.39</u>



Bank Reconcilements

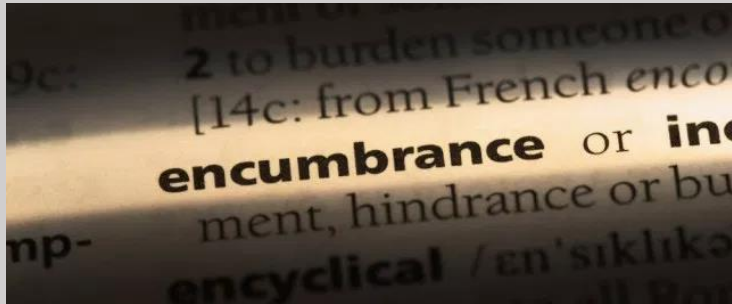
Subtotal		0,104.07
Ledger Balance March 31, 2019		<u>80,861.04</u>
Difference		<u>-</u>
Fund Balances March 31, 2019		
General	32,016.35	
MVH	13,745.25	
LRS	4,321.10	
Park	1,234.90	
Water Utility	18,555.79	
Sewage Utility	<u>10,987.65</u>	<u>80,861.04</u>



Bank Reconcilements



Encumbrances



Encumbrances



CITIES AND TOWNS BULLETIN - DECEMBER 2018

PAGE 4

ENCUMBERED APPROPRIATIONS – BALANCE AVAILABLE

With the opening of a new budget year and a new set of ledgers, it is advantageous to review the unpaid purchase orders and contracts which remain on the ledgers as "encumbered."

Unpaid purchase orders and those items under contract are to be added for each appropriation account and the total carried to the new 2019 corresponding account. The actual unpaid amount of the purchase orders or contracts should be totaled and shown as a separate amount on the appropriation ledger sheet for 2019, with proper explanation, and added to the 2019 appropriation for the same purpose. By properly carrying out this procedure, the 2019 budget will not be expected to stand any expense not anticipated in making the budget.

We suggest the proper officials of the city or town make a listing of these encumbered items and make it part of the minutes in the last business meeting of the year. The Department of Local Government Finance should be sent a copy of the listing.

Keep in mind the appropriations encumbered and carried forward can be used for no other purpose other than the purchase order or the contract for which they were appropriated.

Encumbrances



Prescribed by the State Board of Accounts

City or Town Form No. 209 (Rev 1967)

LEDGER OF APPROPRIATIONS, ENCUMBRANCES, DISBURSEMENTS AND BALANCES

Appropriation Number 72

Office, Dept., or Fund: General

Budget Classification Supplies

2020 Mo	Day	Description	Purchase Order Number	Purchase Orders			Warrant Number	Disbursements		
				Issued	Paid	Balance		Appropriation	Disbursement	Appropriation Balance
1	1	Budget Ordinance #10						4,000.00		4,000.00
1	1	Encumbrance from 2019						474.25		4,474.25
1	5		101	✓	500.00					
1	6		127	✓	300.00					
1	7						1		25.00	4,449.25
1	8		101			500.00	2		450.00	3,999.25
1	12		154		800.00	1,100.00				
1	13						3		474.25	3,525.00



SBOA Forms Sent Prior to Audit



SBOA Forms Sent Prior to Audit



Form 7 – Understanding Internal Controls



(01/18) Form 7 UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF INTERNAL CONTROLS – ENTITY LEVEL
Page 1 of 10

PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Date

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:

- What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?
- If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?

2. Commitment to competence:

- What background, education, and experience do accounting personnel have that assist them with their duties?
- What training do employees receive to help them maintain their accounting and financial reporting competencies?

3. Participation of those charged with governance (board):

- How does the governing body (board) oversee the activities of management that are related to financial reporting (what oversight does the board give on the accounting records)?

(01/18) Form 7

UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF INTERNAL CONTROLS – ENTITY LEVEL Page 1 of 10



PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Date

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:

- What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?
- If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?



(01/18) Form 7

UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF
INTERNAL CONTROLS – ENTITY LEVEL
Page 1 of 2

PART I – TO BE COMPLETED BY UNIT OFFICIAL

Questionnaire completed by:

Name	Title	Date
Todd Caldwell	Clerk-Treasurer	April 1, 2019

CONTROL ENVIRONMENT

1. Communication and enforcement of integrity and ethical values:

- a. What action is taken to address departures from approved policies or unacceptable conduct that might create errors on the accounting records?

Clerk-Treasurer performs all accounting functions for the Town and Jane Jetson, utility clerk, for the Utilities. Records are not reviewed by the board to address departures from approved policies on accounting records.

- b. If fraud is alleged, what does management or the governing body (board) do to investigate the allegation, take appropriate and consistent actions against violators, and assess how relevant controls could be improved?

Governing board would contact SBOA immediately to report and have an investigation on the allegation. Employees would be suspended based on proof and evidence of allegation.



2. Commitment to competence:

- a. What background, education, and experience do accounting personnel have that assist them with their duties?

Clerk-Treasurer works as a computer technician with a local bank and is familiar with accounting procedures. Utility clerk is experienced in her position.

- b. What training do employees receive to help them maintain their accounting and financial reporting competencies?

Training is provided by SBOA, AIM and other associations to help clerk-treasurer and utility clerk maintain accounting competencies. Training is scheduled onsite as needed (i.e., computer software upgrades).

3. Participation of those charged with governance (board):

- a. How does the governing body (board) oversee the activities of management that are related to financial reporting (what oversight does the board give on the accounting records?)

Board meets once a month and reviews all claims presented and signs claims register. Clerk-Treasurer is available at the meetings to answer any questions on claims presented.



(01/18) Form 7

UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF
INTERNAL CONTROLS – ENTITY LEVEL
Page 2 of 2

RISK ASSESSMENT PROCESS

1. Financial reporting objectives:

- a. What procedures are in place to ensure that the information reported in the financial statements are correct and reflective of the accounting records?

Clerk-Treasurer performs monthly reconcilements and posts ledgers timely. Board does not review financial statements or annual report before submission by Clerk-Treasurer.

2. Management of financial reporting risks:

- a. Have any of the following conditions occurred?

Have There Been Any:	Yes	No
Changes in the operating environment		X
New personnel		X
New or revised information systems		X
Restructuring or reorganization and resulting staff reductions, changes in supervision, or segregation of duties		X
Changes in laws and regulations		X

- b. If any of the conditions above exists, what effect does it have on the ability to prepare correct financial statements and how have they been addressed?

N/A



Form 7 – Understanding Internal Controls

3. Consideration of fraud risk:

- a. What areas have been identified that may be exposed to fraud risk?

None noted.

- b. How does the entity identify the processes, controls, and other procedures needed to reduce identified fraud risks?

No processes, controls or other procedures needed to reduce identified fraud risks.

INFORMATION AND COMMUNICATION PROCESS

- 1. What procedures are in place to collect the information needed to complete the financial statements?

Clerk-Treasurer prepares all bank reconcilements and posts all ledgers used to complete the FS. Utility clerk provides year end collection reports to Clerk-Treasurer to aid in compiling of utility collects on FS. Clerk-Treasurer prepares all areas of the financial statements.



Form 7 – Understanding Internal Controls

STATE BOARD OF ACCOUNTS
 UNDERSTANDING THE DESIGN AND IMPLEMENTATION OF
 INTERNAL CONTROLS - ENTITY LEVEL
 PAGE 1 OF 10
Part 1 - TO BE COMPLETED BY THE ENTITY

Questionnaire completed by:

Name	Title	Date

INTERNAL ENVIRONMENT

- Communication and establishment of integrity and ethical values
 - What actions is taken to address disciplines for inappropriate conduct that might create errors on the accounting records?
 - If fraud is alleged, what does management or the governing body (board) do to investigate the allegations, take appropriate and consistent actions against offenders, and assess how relevant controls should be improved?
- Commitment to competence
 - What background, education, and experience do accounting personnel have that qualify them with their duties?
 - What training do employees receive to help them maintain their accounting and financial reporting competencies?
- Participation of those charged with governance (board)
 - How does the governing body (board) oversee the activities of management that are related to financial reporting (what oversight does the board give on the accounting records)?

Recap:

- ✓ Form is for SBOA to gain understanding of your internal controls
- ✓ Will be sent to you prior to start of audit
- ✓ May just need updated from last audit
- ✓ Try to answer each area as completely as possible



Form 9 – Understanding Entity & Environment

STATE BOARD OF ACCOUNTS
 UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
 PAGE 1 OF 10
Part 1 - Questionnaire

Questionnaire completed by:

Name	Title	Date

General Information

Name of City/Town	
City/Town address	
City/Town website	
Primary contact	
Telephone number	
E-mail address	
Fax number	

Structure and Governance

- The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply)
 - General Government
 - Planning and Zoning Activities
 - Policing a judicial system which is primarily responsible for handling traffic violations
 - Overall administration of the unit
 - Public Safety
 - Law Enforcement
 - Fire Protection
 - Protective Inspections
 - Protection
 - Street Maintenance
 - Sanitation Services
 - Recreation facilities and programs
 - Urban Redevelopment and Housing
 - Promotion of Economic Development
 - Aviation - administration of city/town owned airport
 - Utility Services:
 - Water
 - Wastewater
 - Electric
 - Gas

Part I - Questionnaire



Questionnaire completed by:

Name	Title	Date

General Information

Name of City/Town:			
City/Town's address:			
City/Town's website:			
Primary contact:		Email address:	
Telephone number:		Fax number:	

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply.)
 - a. General Government

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply.)
 - a. General Government
 1. Planning and Zoning Activities
 2. Providing a judicial system which is primarily responsible for handling traffic violations
 3. Overall administration of the unit
 - b. Public Safety
 1. Law Enforcement
 2. Fire Protection
 3. Protective Inspection
 4. Probation
 - c. Street Maintenance
 - d. Sanitation Services
 - e. Recreation facilities and programs
 - f. Urban Redevelopment and Housing
 - g. Promotion of Economic Development
 - h. Aviation - administration of city/town owned airport
 - i. Utility Services:
 1. Water
 2. Wastewater



(08/17) Form 9 City-Town

TOWN OF TODDVILLE
UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
 January 1, 2017 to December 31, 2018



Part I - Questionnaire

Questionnaire completed by:

Name	Title	Date
Todd Caldwell	Clerk-Treasurer	April 1, 2019

General Information

Name of City/Town:	Town of Toddville		
City/Town's address:	505 W. Main St., PO Box 2, Toddville, IN 47541		
City/Town's website:	N/A		
Primary contact:	Todd Caldwell	Email address:	clerk@toddville.in.gov
Telephone number:	765-123-4567	Fax number:	

Structure and Governance

1. The primary activities, programs, and services of the city/town are: (Strike through or delete any that don't apply.)
 - a. General Government
 1. ~~Planning and Zoning Activities~~
 2. ~~Providing a judicial system which is primarily responsible for handling traffic violations~~
 3. Overall administration of the unit
 - b. Public Safety
 1. Law Enforcement
 2. Fire Protection
 3. ~~Protective Inspection~~
 4. ~~Probation~~
 - c. Street Maintenance
 - d. Sanitation Services
 - e. Recreation facilities and programs
 - f. ~~Urban Redevelopment and Housing~~
 - g. Promotion of Economic Development
 - h. ~~Aviation - administration of city/town owned airport~~
 - i. Utility Services:





Department	New or Major Accounting Items? (Yes or No)	Received Federal Money? (Yes or No)	Money Collection Point? (Yes or No)	Indicated Problems or Concerns? (Yes or No)	SBOA Use Only Prior Period Findings? (Yes or No)
Police Pension Fund					
Firefighters' Pension Fund					
Park and/or Recreation Department	No	No	No	No	
Building Department					
Transportation Department					
Police Department	No	No	No	No	
City and Town Courts					
Barrett Law Improvement Funds					
General Improvement Funds	No	No	No	No	
Cemetery					
Department of Public Sanitation					
Department of Redevelopment					
Emergency Medical Service					
Department of Aviation					

Items Identified:

2. List the members of the governing body; for example city/town council members:

Name	Title	First Year Elected / Appointed To Position	Background
Paul Joyce	Council President	1988	CPA
Michael Bozymski	Council Member	2013	Taxidermist (runs own business)
Tammy White	Council Member		Dentist

(08/17) Form 9 City-Town

TOWN OF TODDVILLE
UNDERSTANDING THE ENTITY AND ITS ENVIRONMENT
January 1, 2017 to December 31, 2018



3. List the principal members of the executive branch of the city/town: (mayor, city manager, clerk-treasurer, etc.) Designate the principal audit contact.

Name	Title	Phone Number	E-Mail
	Mayor		
Todd Caldwell	Clerk-Treasurer	765-123-4567	clerk@toddvile.in.gov
Same	Main Bookkeeper		
Same	Payroll Clerk		
Same	Claims Processing Clerk		
Susan Gordon	Park Director	765-123-4567	pardd@toddvile.in.gov
Ricci Hoffer	Wastewater Superintendent	765-123-4567	sewer@toddvile.in.gov
Lori Rogers	Street Commissioner	765-123-4567	roads@toddvile.in.gov
N/A	Police Chief (Pension Information)		
N/A	Fire Chief (Pension Information)		
Chase Lenon	Water Superintendent	765-123-4567	water@toddvile.in.gov
N/A	Electric Superintendent	765-123-4567	

4. Describe the relative division of authority and responsibilities between the governing body and responsible officials. (Tailor to fit your unit of government.)

a. City/Town Council – Powers and Duties [IC 36-4/IC 36-5]

1. Enact ordinances
2. Adopt the annual budget
3. Fix salaries of elected officials
4. Impose tax levy
5. Establish fees
6. —




Form 9 – Understanding Entity & Environment

Recap:


- ✓ Form is for SBOA to gain understanding of entity (city or town) and environment
- ✓ Will be sent to you prior to start of audit
- ✓ May just need updated from last audit
- ✓ Try to answer each area as completely as possible

Form 13 – Mgmt Oversight of Non Audit Services



(02/16) Form 13	Management Oversight of Nonaudit Services Period:	
Name of Individual Designated by Management to oversee nonaudit services: <input type="text"/>		
Title of Individual: <input type="text"/>		
Review of nonaudit services performed: (Management's designee should check each item as it is reviewed.)		
Statement of Receipts, Disbursements, Other Financing Sources and Uses, and Cash and Investment Balances:		
<input type="checkbox"/> Beginning cash and investments agree with prior year ending balances for each fund and for the total of all funds.		
<input type="checkbox"/> Ending balances are reported correctly for each fund and the total of all funds.		
<input type="checkbox"/> Titles of funds are reported correctly for each fund.		
Notes to the Financial Statement:		
<input type="checkbox"/> Notes to the financial statement as compiled accurately reflect the governmental unit.		
Combining Schedule of Receipts, Disbursements, Other Financing Sources and Uses, and Cash and Investment Balances:		
<input type="checkbox"/> Beginning cash and investments agree with prior year ending balances for each fund.		
<input type="checkbox"/> Ending balances are reported correctly for each fund.		
<input type="checkbox"/> Titles of funds are reported correctly for each fund.		

Indiana State Board of Accounts 2019

Form 13 – Mgmt Oversight of Non Audit Services	
Other Supplementary Schedules (Schedule of Payable and Receivables, Schedule of Leases and Debt, Schedule of Capital Assets)	
<input type="checkbox"/> All information is correct and presented as management intended.	
Schedule of Expenditures of Federal Awards:	
<input type="checkbox"/> All federal grants disbursed are included in the schedule of expenditures.	
<input type="checkbox"/> Amounts reported for each program is correct.	
<input type="checkbox"/> Amounts provided to subrecipients are correct.	
<input type="checkbox"/> Total federal awards expended per the schedule are correct.	
Notes to the Schedule of Expenditures of Federal Awards:	
<input type="checkbox"/> Amounts presented in the schedule of expenditures of federal awards that include loan and loan guarantee balances outstanding are identified separately within the notes by program title, federal CFDA number and total amount of federal awards affected.	

Indiana State Board of Accounts 2019



(02/16) Form 13

Management Oversight of Nonaudit Services
Period:

- Includes significant accounting policies used in preparing the schedule of expenditures of federal awards.
- Includes whether or not the 10% de minimis cost rate was used.

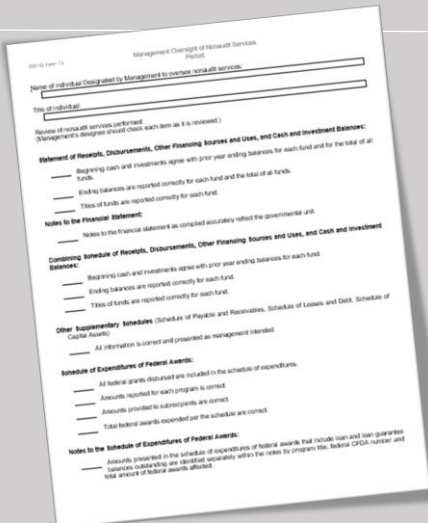
All Statements, Schedules, and Notes:

- Fund names are correct. (Fund names will appear as shown in the report.)
- Unit name is correct throughout report.

As the management designee, I have reviewed the financial statement, notes to the financial statement, and schedule of expenditures of federal awards for each of the aforementioned items. These items were prepared by use of our books and records. Our books and records adequately support the financial statement, notes to the financial statement, and schedule of expenditures of federal awards prepared, and accordingly, I approve these items as compiled by the State Board of Accounts. I understand that slight modifications such as spelling, grammatical and formatting errors may be corrected during the processing of our report by the State Board of Accounts. I acknowledge that the financial statement, including the notes to the financial statement, and the schedule of expenditures of federal awards are our responsibility. I have determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation.

Name of Designee
Title
Date

Form 13 – Mgmt Oversight of Non Audit Services



Recap:

- ✓ Form is for management to acknowledge responsibility of financial statements
- ✓ Will be sent to you prior to start of audit along with your financial statements compiled from Gateway
- ✓ Initial each item on the underline next to each sentence; sign the second page



Form 45 – Understanding Internal Controls


(04/15) Form 45 Reg Small Unit		UNDERSTANDING OF CONTROLS FOR SIGNIFICANT AUDIT AREAS	
Instructions:	<p>The understanding of the unit's process for each significant audit area and component should be noted below. Based upon the understanding gained, answer the question below on whether the unit has proper segregation of duties or not. Additionally, inquiry must be made of the unit regarding their procedures for each audit area. This can be achieved by either printing this tab and giving it to the unit to verify or through inquiry of the official directly by the examiner.</p> <p>While reviewing the procedures and considering the need to modify them for variances in the unit's actual system, consider the following related to the unit's IT system: (1) Do staff job functions provide adequate segregation of duties, (2) Do logon controls adequately identify the user logging onto the system, and (3) Does user access to system screens/functions match the user's job functions? These items should be considered when determining unit controls.</p> <p>If changes were made to the table on the SAA tab, be sure to modify the below tables to be reflective of the significant audit areas as determined on the SAA tab.</p>		
Transaction Class:	Receipts	Audit Area:	Receipts
Document the flow of information for significant transaction classes.			
Flow of Information			
Initiating Authorizing:	<p>Town Receipts: Initiated when ETF monies are received by bank, money turned in by marshal for gun permits, monies turned in for shelter rentals, campsites, etc, from park superintendent. Monies are normally received by Jane Jetson, utility clerk, and deposited that day.</p> <p>Utility Receipts: Initiated when a customer comes in the door and pays, by mail, or by payment at the bank. Jane picks up mail and payments at bank daily. When person pays at door, a receipt is written for cash transactions and for checks if the customer requests it. Only cash receipts by mail have a receipt written for it.</p>		
Recording and Processing:	<p>Town Receipts: Receipts are written for cash receipts only and are not written for state and local tax distributions. Monies are deposited by Janet on day of receipt and noted on deposit slip where Todd Caldwell, Clerk-Treasurer, needs to post the receipts. Receipts are posted to ledger by Flag based on deposit slip information.</p> <p>Utility Receipts: Posted to individual customer accounts by Jane and deposited by Jane at end of day. Sometimes Todd makes the deposit when in office. Jane staples paid stubs to carbon copy of deposit slip. Deposits are made to the Utilities Collection Fund. At end of every month, Jane prints a daily receipt report for the month that totals receipts by each utility and Todd posts ledger in the amounts the</p>		



Form 45 – Understanding Internal Controls

(04/18) Form 45 Reg Small Unit		UNDERSTANDING OF CONTROLS FOR SIGNIFICANT AUDIT AREAS	
Instructions:	<p>The understanding of the unit's process for each significant audit area and component should be noted below. Based upon the understanding gained, answer the question below on whether the unit has proper segregation of duties or not. Additionally, inquiry must be made of the unit regarding their procedures for each audit area. This can be achieved by either printing this tab and giving it to the unit to verify or through inquiry of the official directly by the examiner.</p> <p>While reviewing the procedures and considering the need to modify them for variances in the unit's actual system, consider the following related to the unit's IT system: (1) Do staff job functions provide adequate segregation of duties, (2) Do logon controls adequately identify the user logging onto the system, and (3) Does user access to system screens/functions match the user's job functions? These items should be considered when determining unit controls.</p> <p>If changes were made to the table on the SAA tab, be sure to modify the below tables to be reflective of the significant audit areas as determined on the SAA tab.</p>		

Transaction Class: <u>Receipts</u>	Audit Area: <u>Receipts</u>	W.D.O.
Document the flow of information for significant transaction classes.		
Flow of Information		
Initiating Authorizing:		
<p>Town Receipts: Initiated when ETF monies are received by bank, money turned in by marshal for gun permits, monies turned in for shelter rentals, campsites, etc, from park superintendent. Monies are normally received by Jane Jetson, utility clerk, and deposited that day.</p> <p>Utility Receipts: Initiated when a customer comes in the door and pays, by mail, or by payment at the bank. Jane picks up mail and payments at bank daily. When person pays at door, a receipt is written for cash transactions and for checks if the customer requests it. Only cash receipts by mail have a receipt written for it.</p>		
Recording and Processing:		
<p>Town Receipts: Receipts are written for cash receipts only and are not written for state and local tax distributions. Monies are deposited by Janet on day of receipt and noted on deposit slip where Todd Caldwell, Clerk-Treasurer, needs to post the receipts. Receipts are posted to ledger by Ray based on deposit slip information.</p> <p>Utility Receipts: Posted to individual customer accounts by Jane and deposited by Jane at end of day. Sometimes Todd makes the deposit when in office. Jane staples paid stubs to carbon copy of deposit slip. Deposits are made to the Utilities Collection Fund. At end of every month, Jane prints a daily receipt report for the month that totals receipts by each utility and Todd posts ledger in the amounts the report shows and transfers from the Utilities Collections Fund.</p>		
Reconciling and Reporting:		
<p>Todd reconciles the bank statements for Town, Water and Wastewater Utilities monthly. Reconcilements are not reviewed or approved by the Board at their monthly meeting. Todd posts all ledgers for the Town and Utilities and prepares the Gateway annual report from them. Jane does not review ledgers or report to ensure utility receipts are properly reported. Board does not review ledgers or annual report for accuracy.</p>		
Indiana State Board of Accounts		2019

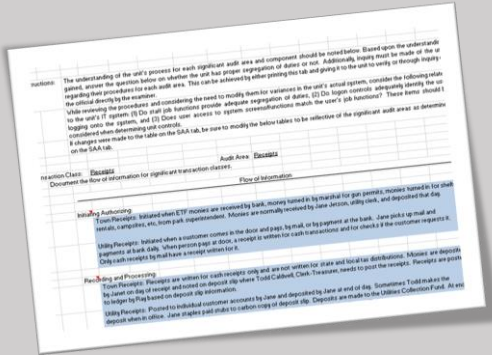
Form 45 Discussion		
<p><u>Cash and Investments</u></p> <p>Considerations: How does the reconciliation process work from start to finish? When the bank statement is received what happens? How often are reconciliations performed? Who prepares the reconciliation? Evidence of preparation? Who reviews/approves the reconciliation? Evidence of review/approval?</p> <p>Unit Response</p>		
<p><u>Receipts</u></p> <p>Considerations: How does the receipt process work from start to finish? In what ways do you receive money? Who writes receipts? Who posts/records receipts into the accounting system? Who prepares the deposit slip for the bank? Who takes the deposit to the bank? Anyone reconciling daily receipts to the deposit? Evidence of the aforementioned items?</p> <p>Unit Response</p>		
Indiana State Board of Accounts		2019



Form 45 – Understanding Internal Controls

Recap:

- ✓ **Form is to indicate controls in certain areas for SBOA evaluation**
- ✓ **Will be sent to you prior to start of audit or a blank questionnaire**
- ✓ **Briefly describe or update controls in the area provided**



Questions on Forms





Motor Vehicle Highway – Fund & Sub-fund



MVH – Directive 2018-2

STATE OF INDIANA
NATURAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM 6101
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2919
Fax: (317) 226-4111
Web Site: www.govindia

STATE EXAMINER DIRECTIVE 2018-2

Date: December 20, 2018
Subject: Motor Vehicle Highway Account
Authority: IC 5-11-1-2, -8, -10, -21, -24; IC 8-17-4-1-2, -3, -4, -6
Application: This Directive applies to all local governmental units that receive distributions from the Motor Vehicle Highway Account.
From: Paul G. Joyce, CPA, State Examiner

The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to create a new sub-fund within the MVH Fund to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1200-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

Counties
Fund 1136 MVH
Fund 1173 MVH Restricted

Cities and Towns
Fund 201 MVH
Fund 203 MVH Restricted

Together, MVH and MVH Restricted shall constitute the new MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial Report and Annual Operational Report.

Starting on January 1, 2019, the political subdivision must pool at the time of receipt of the distribution from the State Motor Vehicle Highway Account 85% percent (85%) of the distribution to MVH Restricted.

The political subdivision, by ordinance or resolution, may elect to allocate more than 85% percent (85%) of the distribution to MVH Restricted. During the same fiscal year, the political subdivision may transfer, by ordinance or resolution, the amount allocated in excess of the 85% requirement from MVH Restricted to

MVH – Directive 2018-2



On SBOA website – Home page here



https://www.in.gov/sboa/files/Directive%202018-2%20%2012_20_18%20.pdf

MVH – Directive 2018-2



“The purpose of this Directive is to authorize and require counties, cities, and towns that receive distributions from the State Motor Vehicle Highway Account to create a new sub-fund within the MVH Fund to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.”

MVH – Directive 2018-2



On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows:

Cities and Towns

Fund 201	MVH
Fund 203	MVH Restricted

MVH – Directive 2018-2



How to get started:

- ✓ **Determine the 1-1-2019 cash balance of sub-fund 203**
- ✓ **Post 50% of MVH distributions directly to sub-fund 203**
- ✓ **Throughout the year, post disbursements for CRP to sub-fund 203**

You can allocate costs originally paid from MVH to MVH Restricted

MVH – Directive 2018-2



A city/town can put more than 50% in MVHR

- **Requires ordinance**
- **Can move cash back to MVH if needed**
- **Can't result in less than 50% in MVHR**
- **Year-end MVHR balance stays restricted into the next year**

MVH – Directive 2018-2



What about appropriations?

Only one appropriation for both MVH and MVH Restricted

- **Determine appropriations necessary for MVHR and move from MVH**
- **Council decision; resolution or ordinance not necessary**



MVH – Directive 2018-2



MVH Questions?

