



Indiana State Board of Accounts

## Internal Control Processes

- Bank Reconciliation
- Receipting Process
- Disbursing Process
- Payroll
- Credit Cards
- Financial Reporting



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## Internal Controls - Federal Funds – COVID-19

SBOA Memorandum dated April 29, 2020

COVID Grant Accounting & Appropriations

[www.in.gov/sboa](http://www.in.gov/sboa)



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## Internal Controls – Ongoing Process

Ongoing Process

Evaluate

Modify

Address all Five Components



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# Internal Controls

**Best Practices** ▼

[Annual Financial Report](#)

[Snapshot](#)

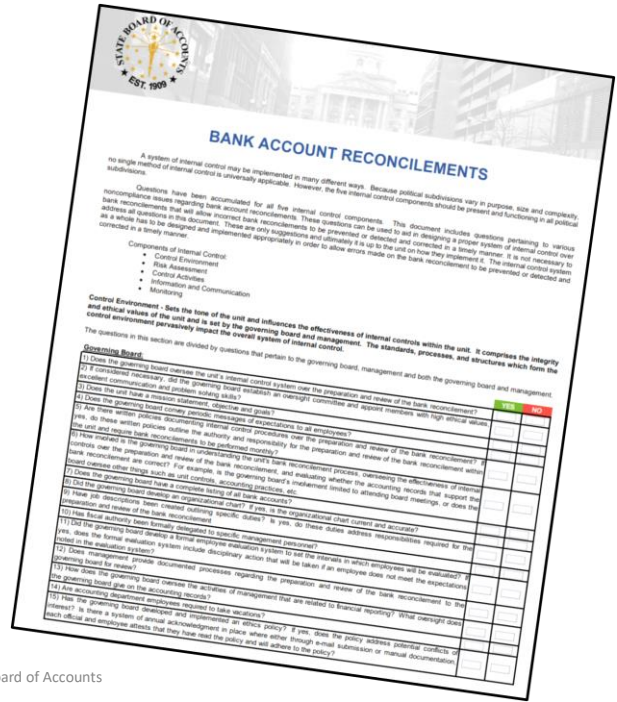
[Bank Account Reconcilements](#)

[Snapshot](#)

[Credit Card Purchases](#)

[www.in.gov/sboa](http://www.in.gov/sboa)

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# Internal Controls – Best Practices

- Annual Financial Report
- Bank Account Reconciliation
- Credit Card Purchases
- Disbursing Activities
- Payroll
- Receipting Activities
- Schedule of Expenditures of Federal Awards

**Long Version**

**Snapshot**

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*Do internal controls really matter?*



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## Common Internal Control Findings

Did not  
*separate incompatible activities*  
related to receipts,  
disbursements, and payroll.

Did not have a  
*review or approval process*  
over bank reconciliation or  
over financial close and  
reporting

There was no  
*evidence* of an  
oversight, review, or  
approval process



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<https://pixabay.com/en/warning-sign-30915/>

## Deposit of Collections

City/Town Receipts

Utility Receipts

Fundraisers Proceeds

Fees / Accountable Items



Pikrepo.com

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## Payroll

Compensation Paid

Withholdings

Payroll Service Providers



Picpedia.org

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## Bank Transactions

Cash Withdrawals

Checks Payable to Cash

Counter Checks

EFTs

Duplicate Payments



<https://en.wikipedia.org/wiki/Cash>

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## Unauthorized Transactions

- Utility Bill Adjustments
- Credit Card Purchases
- Debit Card Purchases
- Electronic Funds Transfers



Pngimg.com

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## Internal Controls – Other Important Items

- Computer Security
- Offsite Storage
- Scams



Pixabay.com

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## Internal Controls

- Review the Internal Control Manual
- Use the Best Practice Documents
- Evaluate Procedures
- Address All Five components
- Update Procedures as Needed



[https://commons.wikimedia.org/wiki/File:Take\\_action.jpg](https://commons.wikimedia.org/wiki/File:Take_action.jpg)

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## Review Prior Audit Report



[www.in.gov/sboa](http://www.in.gov/sboa)

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## Indiana Code 5-11-1-27

# Report of Misappropriation

- **Actual or Reasonable Cause**
  - to believe a misappropriation has occurred
- ***Shall immediately*** send **written** notice to
  - State Board of Accounts
  - County Prosecutor



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## Indiana Code 5-11-1-27

# Report of Variance / Loss

- Materiality Threshold
- ***Shall be reported immediately***  
to the State Board of Accounts



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## Reporting to SBOA – IC 5-11-1-27

### [www.in.gov/sboa](http://www.in.gov/sboa) - Responsibilities under IC 5-11-1-27

#### Responsibilities under IC 5-11-1-27 ▼

Pursuant to [IC 5-11-1-27\(j\)](#), all political subdivisions are required to report to us all erroneous or irregular material variances, losses, shortages, or thefts of local funds or property. For the purposes of this IC section, material is defined by the State Examiner in [State Examiner Directive 2015.6](#). Please use the following form to report this information to us. All fields are required.

Name: \*




First Name

Last Name

Email: \*

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# Reporting under IC 5-11-1-27



The screenshot shows the website header for the Indiana State Board of Accounts. At the top left, there is a navigation menu with the text "Audit Reports" and a "Search Reports" button. Below this, a blue arrow points to a "Report Government Fraud" link, which is accompanied by an image of a hand with a "STOP FRAUD" sign. To the right of this link is a "News Room" link with a "View Articles" sub-link, accompanied by an image of a stack of papers. Below the "Report Government Fraud" link is a "Career Opportunities" link with a "Learn More" sub-link, accompanied by an image of a "Success Opportunity" sign. To the right of this link is a "Questions?" link with an "Ask SBOA a Question" sub-link, accompanied by an image of a question mark. The website header also includes the text "STATE BOARD OF ACCOUNTS", "22 West Washington Street", "E418", and "317-204-2769".

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## Contact Information

**Todd Caldwell  
&  
Susan Gordon**

[Cities.towns@sboa.in.gov](mailto:Cities.towns@sboa.in.gov)

317-232-2513

[www.in.gov/sboa](http://www.in.gov/sboa)

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