

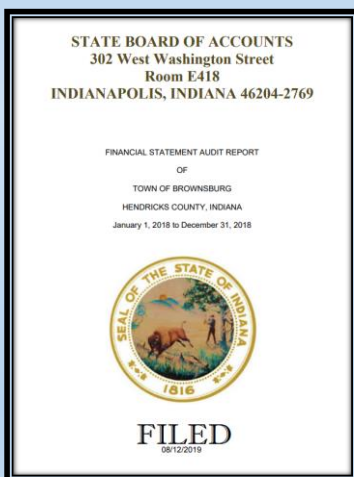
Indiana Municipal Lawyers Association

Municipal Law Seminar XXXVII

June 25, 2020

INDIANA STATE BOARD OF ACCOUNTS

State Board Of Accounts – Indiana Code 5-11



- Audit the records and accounts of all state and local governmental units
- Prepare reports indicating the financial condition of these units and comments on any noncompliance with laws or uniform compliance guidelines
- Prescribe uniform system of accounting

INDIANA STATE BOARD OF ACCOUNTS

State Board Of Accounts – An Overview

Mission Statement:

We are dedicated to providing the citizens of the State of Indiana with complete confidence in the integrity and financial accountability of state and local government.

INDIANA STATE BOARD OF ACCOUNTS

State Board Of Accounts – An Overview

Board

Financial and Compliance Auditors

Federal Audit Specialists

Special Investigations

Directors of Audit Services



INDIANA STATE BOARD OF ACCOUNTS

State Board Of Accounts – An Overview

Engagement Types

Report comments

- Noncompliance with statute
- Noncompliance with uniform compliance guidelines
(published in manuals and bulletins: www.in.gov/sboa)



INDIANA STATE BOARD OF ACCOUNTS

State Board Of Accounts – An Overview

Financial and Compliance Audit Reports

Official Response

Repeat Comments

Special Investigations

Attorney General

Prosecutor



INDIANA STATE BOARD OF ACCOUNTS

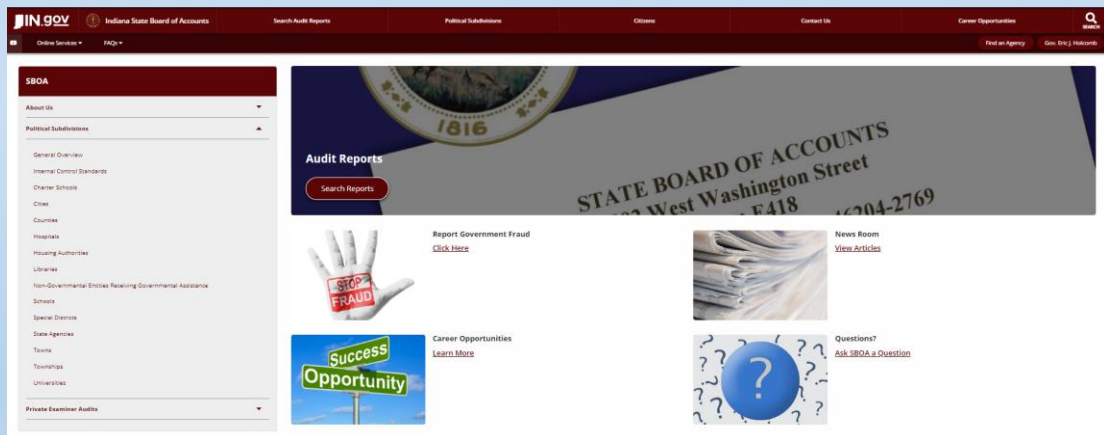
Filed Audit Reports



www.in.gov/sboa

INDIANA STATE BOARD OF ACCOUNTS

www.in.gov/sboa



INDIANA STATE BOARD OF ACCOUNTS

SBOA COVID 19 Memorandums

Policy Regarding Coronavirus

Coronavirus Items to Consider

Assistance During COVID-19

Continuity of Essential Operations

www.in.gov/sboa
on the home page

INDIANA STATE BOARD OF ACCOUNTS

Attorney Representation Letter

- Pending or Threatened Litigation, Claims and Assessments
- Unasserted Claims and Assessments
- Time Period Covered
- Date of Letter



Thebluediamondgallery.com

INDIANA STATE BOARD OF ACCOUNTS

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



INDIANA STATE BOARD OF ACCOUNTS

Indiana Code 5-11-1-27

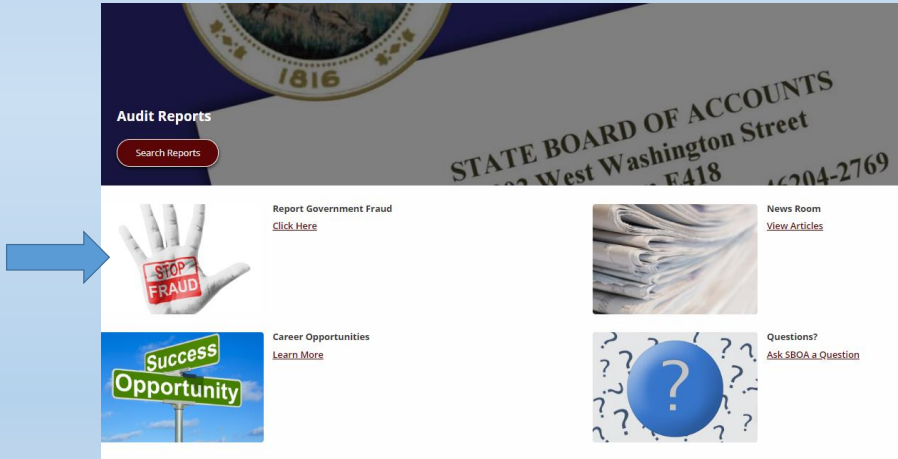
Report of Variance / Loss

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



INDIANA STATE BOARD OF ACCOUNTS

Reporting under IC 5-11-1-27



The screenshot shows the Indiana State Board of Accounts website. At the top, there is a header with the state seal and the text "STATE BOARD OF ACCOUNTS" and "1816". Below the header, there is a "Search Reports" button. A blue arrow points to the "Report Government Fraud" link, which is accompanied by an image of a hand holding a "STOP FRAUD" sign. Other links include "Click Here", "Career Opportunities", "Learn More", "News Room", "View Articles", "Questions?", and "Ask SBOA a Question".

INDIANA STATE BOARD OF ACCOUNTS

Common Questions & Audit Findings

INDIANA STATE BOARD OF ACCOUNTS

Internal Controls

Adoption of Standards
IC 5-11-1-27

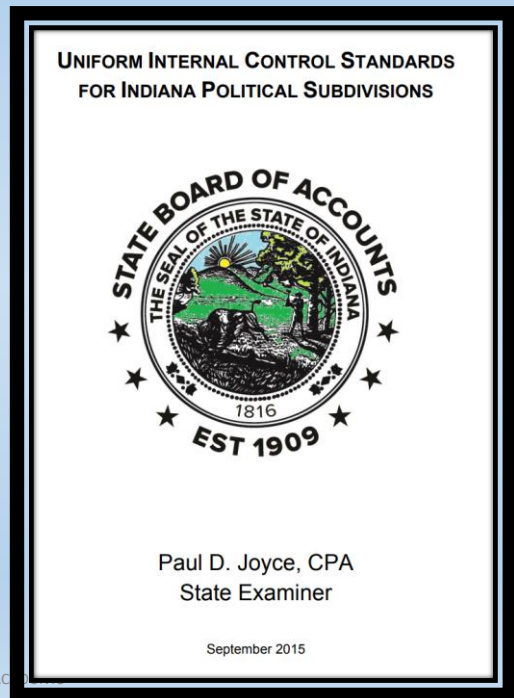
Training of Employees
IC 5-11-1-27

Policies

- Ethics
- Organizational Structure
- Expectations

SBOA Best Practice Documents

INDIANA STATE BOARD OF ACCOUNTS

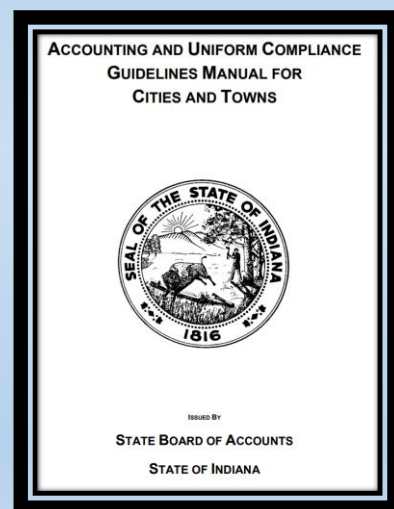


Internal Controls - Local Policies

Chapter 1 – Local Policies

- Alcohol Purchases
- Bad Debts and Uncollectible Accounts
- Capital Assets
- Contracting with a Unit
- Credit Cards
- Debit/Procurement Cards
- Investments (IC 5-13-9-5.7)
- Leave and Overtime
- Materiality
- Nepotism
- Personal Property Use
- Procurement Policy (2 CFR 200.318)
- Travel Policy

INDIANA STATE BOARD OF ACCOUNTS



Common Internal Control Findings

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

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



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

Indiana State Board of Accounts
<https://pixabay.com/en/warning-sign-30915/>

Internal Controls - Payroll

Compensation Paid

Withholdings

Payroll Service Providers



Picpedia.org

Indiana State Board of Accounts

Internal Controls - Bank Transactions

Cash Withdrawals

Checks Payable to Cash

Counter Checks

EFTs

Duplicate Payments



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

Indiana State Board of Accounts

Internal Controls - Unauthorized Transactions

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



Pngimg.com

380 x 454

Indiana State Board of Accounts

Internal Controls - Penalties and Interest

Claims Process

Recurring Payments

Internal Controls



Publicdomainpictures.net

INDIANA STATE BOARD OF ACCOUNTS

Collections

Fees

Statute

Ordinance

Internal Controls

Electronic Payments IC 36-1-8-11



Pikrepo.com

Indiana State Board of Accounts

Disbursements

Authorization

Statutory Provisions
Ordinance
Policy

Supporting Documentation IC 5-11-10-1.6
Credit Cards

Appropriations

Cities IC 36-4-8-2
Towns IC 36-5-4-2
Council IC 6-1.1-18-4 & 10

Document and Explain Procedures Used

Public Works Law	IC 36-1-12
Public Purchases Law	IC 5-22
	<i>Special Purchasing Methods IC 5-22-10</i>
Purchase of Land	IC 36-1-10.5
RDC	IC 36-7-14-22

INDIANA STATE BOARD OF ACCOUNTS

Creating New funds

- Ordinance IC 36-1-3
 - Type of Revenue
 - Purpose for which expenditures can be made
 - Life of the Fund
 - Disposition of the Fund
 - Other Terms Considered Necessary

Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7

INDIANA STATE BOARD OF ACCOUNTS

Compensation

Salary Ordinance – IC 36-4-7 & IC 36-5-3

Annual Amount v. Biweekly Pay
 27th Pay
 Pay Period
 Change in Compensation
 Employee v. Elected Official
 Longevity, Bonuses, Certifications
 Overtime Provisions

Questions for Other Agencies
 Independent contractor v. employee - IRS
 Wage & Hour, Overtime, Exempt, Nonexempt –
 Department of Labor
 Payroll Audit Independent Determination (PAID)
 Program through the US Department of Labor
 Tax Questions – IRS or Department of Revenue

Employee Benefits Ordinance – IC 5-10-6-1

INDIANA STATE BOARD OF ACCOUNTS

Utilities

- Fees IC 8-1.5-3-8
- Penalties IC 36-9-23-31
- Bad Debt Write Offs IC 36-9-23-33(m) (sewer)
IC 8-1.5.5 (stormwater)
Local Policy (other)
- Lien Process IC 36-9-23
- Cash Reserve Fund IC 8-1.5.3-11
- Loans to Municipality IC 8-1.5.3.12
- Loans Between Utilities IC 8-1.5.3.11(f)



Commons.Wikimedia.org

INDIANA STATE BOARD OF ACCOUNTS

Redevelopment IC 36-7-14

Redevelopment Plan IC 36-7-14-15, 16, 17.5

Serving the TIF Allocation Area IC 36-7-14-39(b)(3)(J)

RDC Statutory Funds



INDIANA STATE BOARD OF ACCOUNTS

Economic Development

Capital Improvement Plan IC 6-3.6-6-9.5

Promotion of City and Town Business

December 2015
Cities and Towns Bulletin
IC 36-7-2-7 & IC 36-1-3



Pxhere.com

INDIANA STATE BOARD OF ACCOUNTS

Volunteer Fire Departments

Authority to contract for fire protection IC 36-8-12-3

Negotiated Amount IC 36-8-12-4

In writing for a fixed term IC 36-8-12-4.5

Expectations

Fundraising Activities



Commons.Wikimedia.org

INDIANA STATE BOARD OF ACCOUNTS

Moving Traffic Violations

Processed through Court or Traffic Violations Bureau

IC 36-1-6-3

State Examiner Directive 2015-1



Zionsville-in.gov

INDIANA STATE BOARD OF ACCOUNTS

Conflicts

- Dual Office Holding Indiana Constitution Art. 2 Sec. 9
 - (OAG Dual Office Holding Guide)
- Conflict of Interest IC 35-44.1-1-4
- Ghost Employment IC 35-44.1-1-3
- Contracting with a Unit IC 36-1-21
- Nepotism IC 36-1-20.2
- Governmental Employee Holding Office IC 3-5-9



INDIANA STATE BOARD OF ACCOUNTS

**Todd Caldwell
&
Susan Gordon**

Cities.towns@sboa.in.gov

317-232-2513

www.in.gov/sboa

