




Indiana State Board of Accounts


Monthly Training Webinar
June 23, 2021

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**What's
On
Tap**



- **New Legislation**
- **ARP Update**
- **Questions & Answers**



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NEW LEGISLATION



June Training Series 2021

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House Enrolled Act 1169 – PL 134

Cybersecurity:

- Requires the Indiana Office of Technology (IOT) to maintain a repository of cybersecurity incidents.



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House Enrolled Act 1169 – PL 134

Cybersecurity:

Provides that a city/town shall:

- ✓ Report cybersecurity incidents to IOT “without unreasonable delay” and not later than 2 business days in a format prescribed by IOT officer
- ✓ Provide to IOT the name and contact information of any individual who will act as the primary reporter of a cybersecurity incident before 9/1/2021, and before September 1 of every year thereafter.



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House Enrolled Act 1169 – PL 134

Cybersecurity:

Provides that if requested by a political subdivision, IOT may develop a list of third-party technology providers that work with IOT. *[IC 4-13.1-2-8(a)]*

Don't forget, you are still required to report a material loss to the SBOA in accordance with IC 5-11-1-27.



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 House Enrolled Act 1271 – PL 38

Department of Local Government Finance

Increases the amount a city/town may transfer to Rainy Day during calendar years 2021-2024:

10% → 15%

[IC 36-1-8-5.1(d)(2)(B), effective January 1, 2021]

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 House Enrolled Act 1437 – PL 88

Electronic Meetings & Signatures:

- Rules for electronic meetings when a state or local disaster has been declared
- Rules for electronic meetings in times of non-emergency
- Electronic signatures on bonds = same force & effect as manual signatures.

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Electronic Meetings/Signatures HEA 1437 – PL 88

Electronic Meetings – in times of emergencies:

Rules for electronic meetings when a state or local disaster emergency **has been declared**.

- Physical meeting is not required until disaster emergency is terminated
- Board may meet by any means of electronic communication if
 - (1) At least a quorum of the members participate in the meeting either electronically or in person
 - (2) The public can simultaneously attend and observe the meeting.



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Electronic Meetings/Signatures HEA 1437 – PL 88

Electronic Meetings – in times of emergencies:

Rules for electronic meetings when a state or local disaster emergency **has been declared** (continued).

- Meeting minutes have information on the members present in person or electronically, members absent, & the identification of the electronic means of communication
- All votes taken during the meeting must be by roll call vote.
- **It is our audit position** that meeting minutes may be signed electronically if board has written policy.



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Electronic Meetings/Signatures HEA 1437 – PL 88


Electronic Meetings – in times of **non-emergencies** (IC 5-14-1.5-3.5)

- Permitted if the electronic communication allows all participating members to simultaneously communicate with each other & allows the public to simultaneously attend and observe the meeting.
- The governing body **shall adopt a written policy** establishing the procedures that apply to a member's participation in a meeting by electronic means – can be more restrictive than Indiana Code.
- A member participating electronically is considered present for purposes of establishing a quorum.



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Electronic Meetings – in times of **non-emergencies** (IC 5-14-1.5-3.5) (continued):


- A member may participate in final action taken only if the member can be seen & heard.
- Meeting minutes have information on
 - ✓ the members present in person or by electronic means;
 - ✓ members absent;
 - ✓ the identification of the electronic means of communication by which members of the governing body participated;
 - ✓ and the public attended and observed.



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Electronic Meetings – in times of **non-emergencies** (IC 5-14-1.5-3.5) (continued):

- It is our **audit position** that meeting minutes may be signed electronically if board has written policy.
- All votes taken during the meeting must be by roll call vote.
- At least 50% of the governing body members must be physically present.
- Member can't attend > 50% of meetings in a year unless due to certain listed situations listed in subsection h

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Electronic Meetings/Signatures HEA 1437 – PL 88

Electronic Meetings – in times of **non-emergencies** (IC 5-14-1.5-3.5) (continued):

- A member may not participate in an electronic meeting if the governing body is attempting to take final action to:
 - (1) adopt a budget;
 - (2) make a reduction in personnel;
 - (3) initiate a referendum;
 - (4) establish or increase a fee;
 - (5) establish or increase a penalty;
 - (6) use eminent domain;
 - (7) establish, raise, renew a tax

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Electronic Meetings/Signatures HEA 1437 – PL 88

Electronic Meetings – in times of **non-emergencies** (continued):

- A governing body may not prohibit a member from attending consecutive meetings by electronic communication.
- A member may attend two consecutive meetings (a set of meetings) by electronic communication.
- A member shall physically attend at least one meeting between sets of meetings that the member attends by electronic communication, unless the member's absence is due to certain listed situations.



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Senate Enrolled Act 332 – PL 152


Publication of notice:

- For publication of notices required under IC 5-3-1 in a newspaper 2 or more times, a city/town may make:
 - ✓ (1) the first publication in a newspaper as required under IC 5-3-1-4 of this chapter or the applicable statute; and
 - ✓ (2) all subsequent publications of notice:
 - (A) in accordance with IC 5-3-5; and
 - (B) on the official web site of the city/town



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Senate Enrolled Act 332-PL 152 (continued)

- If a city/town is required to publish a notice 2 or more times in at least 2 newspapers contemporaneously, the first publication of the notice includes the first publication of the notice in both newspapers.



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Senate Enrolled Act 332 – PL 152 (continued)

Publication of notice – on website:


The notice must:

- (1) be in a location on the city/town's official web site where the notice is easily accessible and identifiable; and
- (2) remain on the official web site not less than 7 days after the last posting date required by law has expired.



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Senate Enrolled Act 332 – PL 152 (continued)


Publication of notice – on website:

The city/town, or contractor who contracts with the city/town to administer the official web site, shall:

- (1) create a printed copy of any notice posted on the official web site in a format that includes the date of publication on the first day that the legal notice is published on the official web site; and
- (2) maintain a printed copy of any notice for archival and verification purposes.

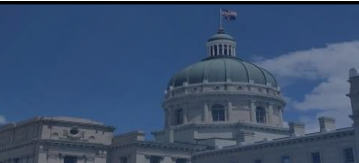


Clipart-library.com



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Senate Enrolled Act 332 – PL 152 (continued)

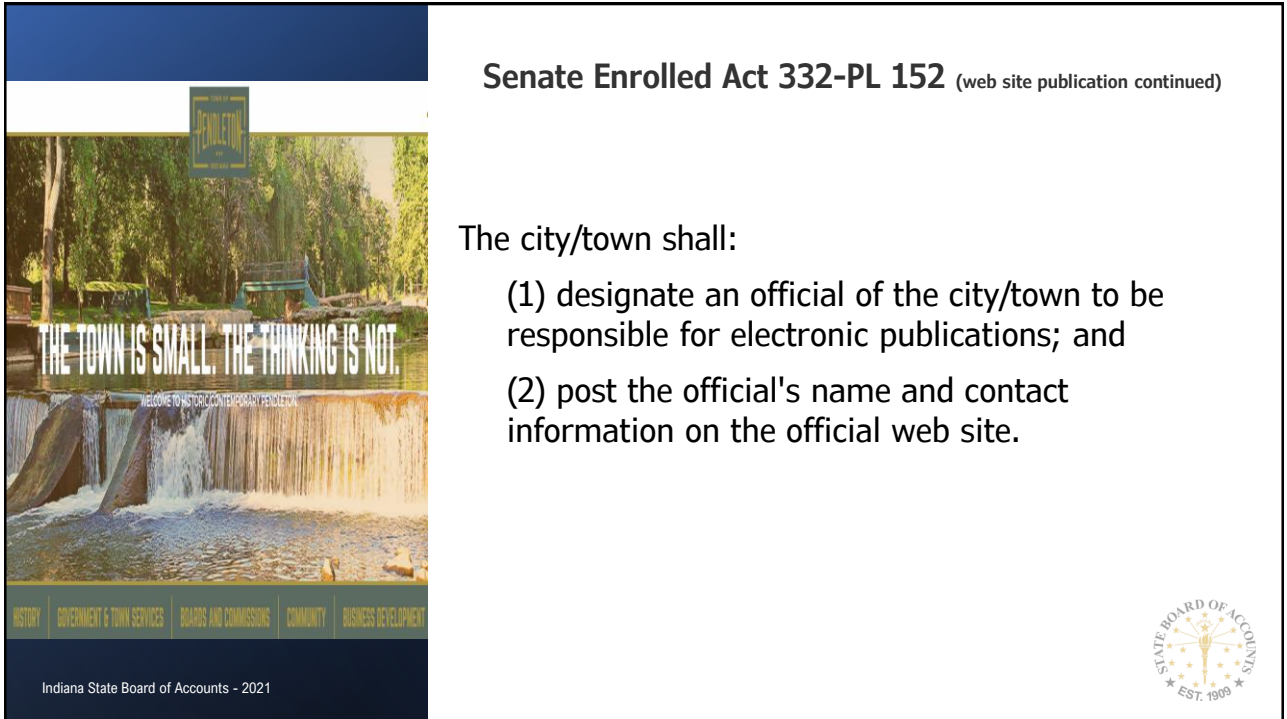
Publication of notice – on website:

- A proof of publication must be furnished upon request. The proof of publication must state that the notice was posted from the initial date through the last posting date required by law.
- Proof of publication of an electronically published notice is satisfied & considered conclusive upon the provision of the proof of publication described in IC 5-3-5-6 :
 - (1) executed by the official designated as responsible for the electronic publication under section 8 of this chapter; and
 - (2) stating that the notice was posted from the initial date through the last posting date required by law.



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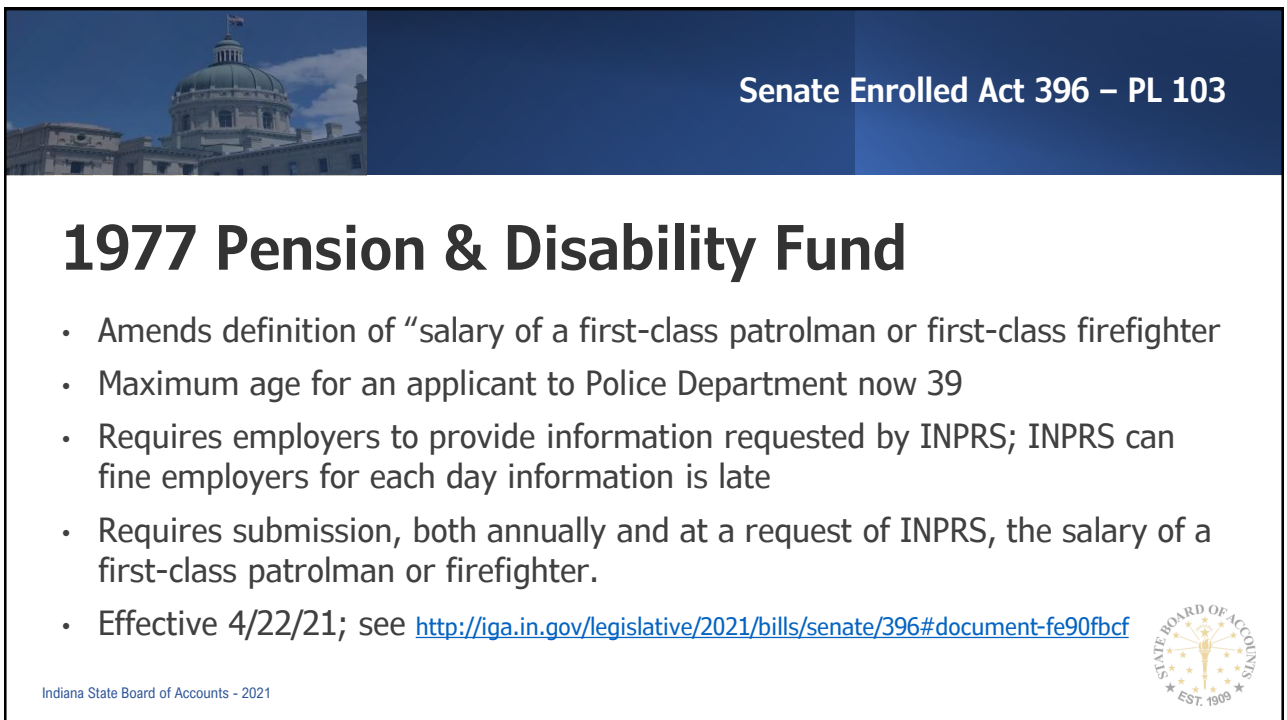
Senate Enrolled Act 332-PL 152 (web site publication continued)

The city/town shall:

- (1) designate an official of the city/town to be responsible for electronic publications; and
- (2) post the official's name and contact information on the official web site.

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Senate Enrolled Act 396 – PL 103

1977 Pension & Disability Fund

- Amends definition of “salary of a first-class patrolman or first-class firefighter
- Maximum age for an applicant to Police Department now 39
- Requires employers to provide information requested by INPRS; INPRS can fine employers for each day information is late
- Requires submission, both annually and at a request of INPRS, the salary of a first-class patrolman or firefighter.
- Effective 4/22/21; see <http://iga.in.gov/legislative/2021/bills/senate/396#document-fe90fbcf>

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How to Find Bill Details

- www.iga.in.gov
- Upper right of home page, click on "bills" tab and enter the HEA or SEA number

Search Code **Bills** Legislators

Enter bill number

Search for Bills...

All Senate House Enrolled



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How to Find Bill Details

Indiana General Assembly
2021 Session

Information - Session - Committees - **Legislation** - Laws - Publications

Latest version >

Latest Fiscal Note >

Bill Details >

Bill Actions >

Senate Amendments +

House Amendments +

Senate Roll Calls +

House Roll Calls +

Bill Versions

Senate Bill 396

Enrolled Senate Bill (S)

Authored by Sen. Philip Boots, Sen. Liz Brown, Sen. Karen Tallian.
Co-Authored by Sen. James Buck, Sen. Lonnie Randolph.
Sponsored by Rep. Randall Frye, Rep. Steve Bartels, Rep. Mike Andrade, Rep. Jeff Ellington.

Authors / Co-Authors / Sponsors

DIGEST

1977 pension and disability fund. Amends the definition of "salary of a first class patrolman or first class police officers' and firefighters' pension and disability fund (fund). Establishes certain requirements for an applicant to a police department from 35 to 39 years of age. Requires an employer that participates in the longevity increase paid in the previous

[View more](#)

- Click "Latest version" on the left

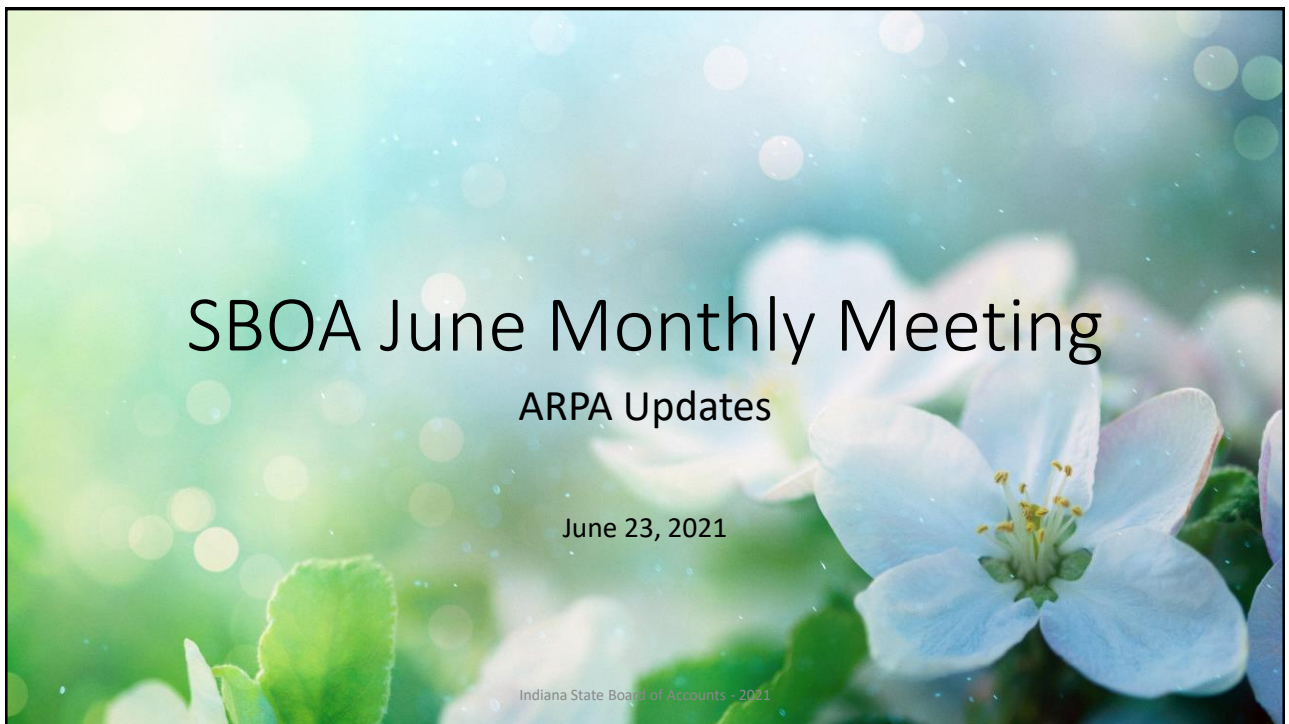


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American Rescue Plan Act of 2021 Sources of Information

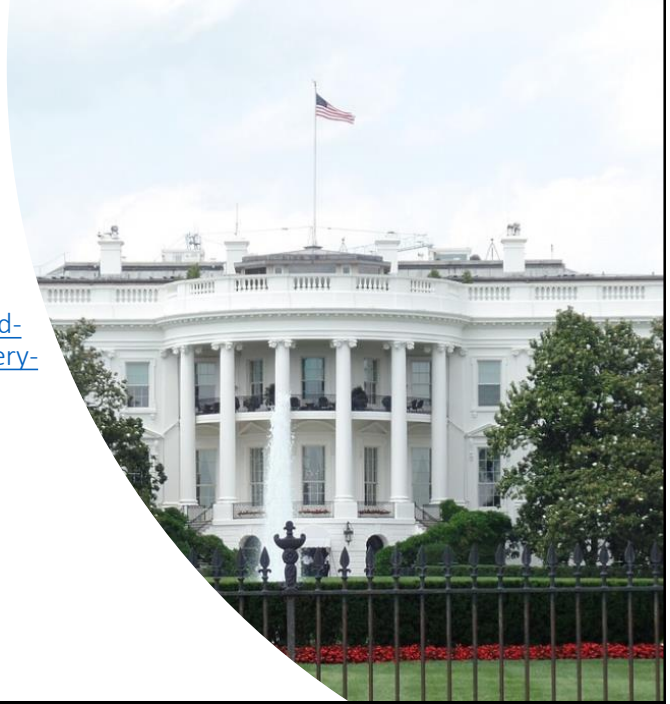
US. Treasury: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

SBOA: www.in.gov/sboa

AIM: www.aimindiana.org

National League of Cities: www.nlc.org

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Key Documents with Compliance Requirements

- ARPA - Section 603
- Interim Final Rule
- Treasury FAQs
- SBOA Uniform Compliance Guidelines, including
 - State Examiner Directive 2021-1
 - Accounting Processes for ARPA May 12, 2021
 - City and Town Manual and Bulletins
 - Internal Controls Manual
- Uniform Guidance
- Local Plan

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What are we looking for in an audit?

- Accounting for costs incurred in the ARP Fund
- Written Internal Control Procedures
 - Evidence that Internal Control Procedures were followed
- Documentation of Costs Incurred
- Explanation of costs incurred per Section 603, Interim Final Rule & Other Treasury Guidance
 - Board minutes, attorney opinions, notes
- Applicable Uniform Guidance Requirements when the amount of federal money expended exceeds \$750,000.

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Accounting for Costs Incurred in the ARP Fund

Separate Fund

- Fund Name: ARP [Name of Grant]
- Fund Number Range: 176-199

Ordinance

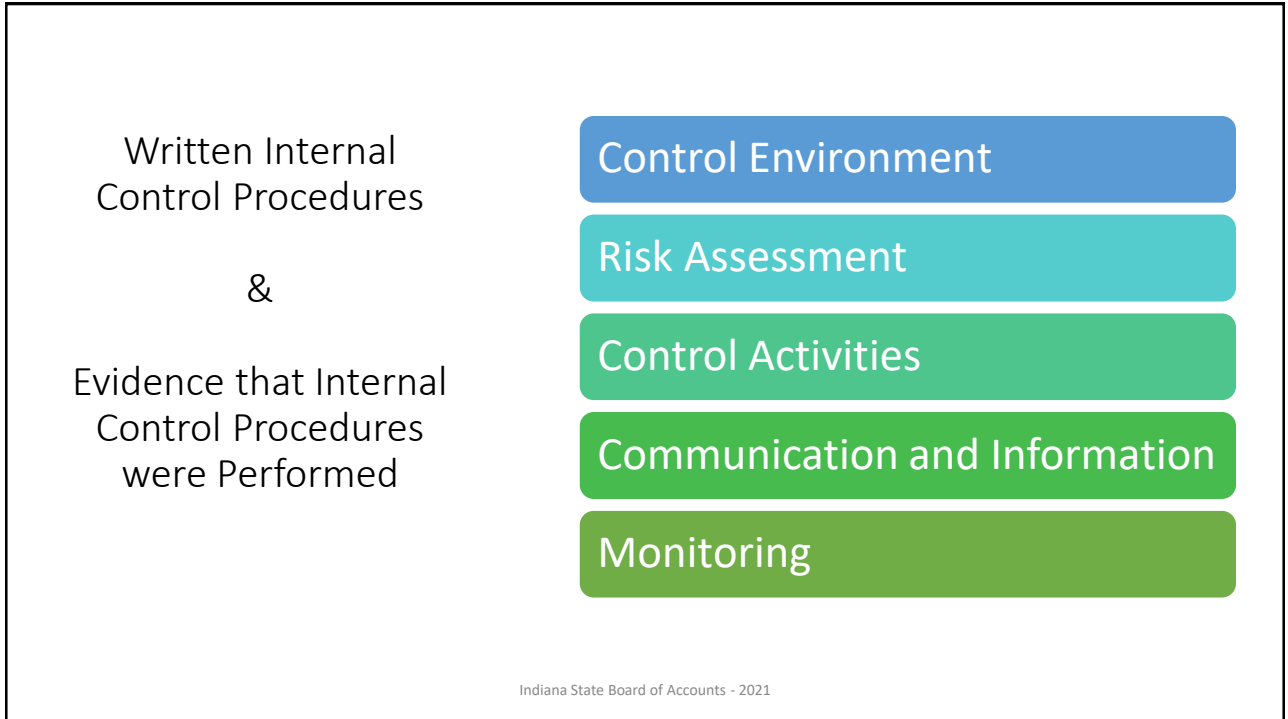
- Establishes the ARP Grant Fund
- Specifies uses in accordance with section 603 that are applicable
- References a plan providing details for the use of the funds

Transactions

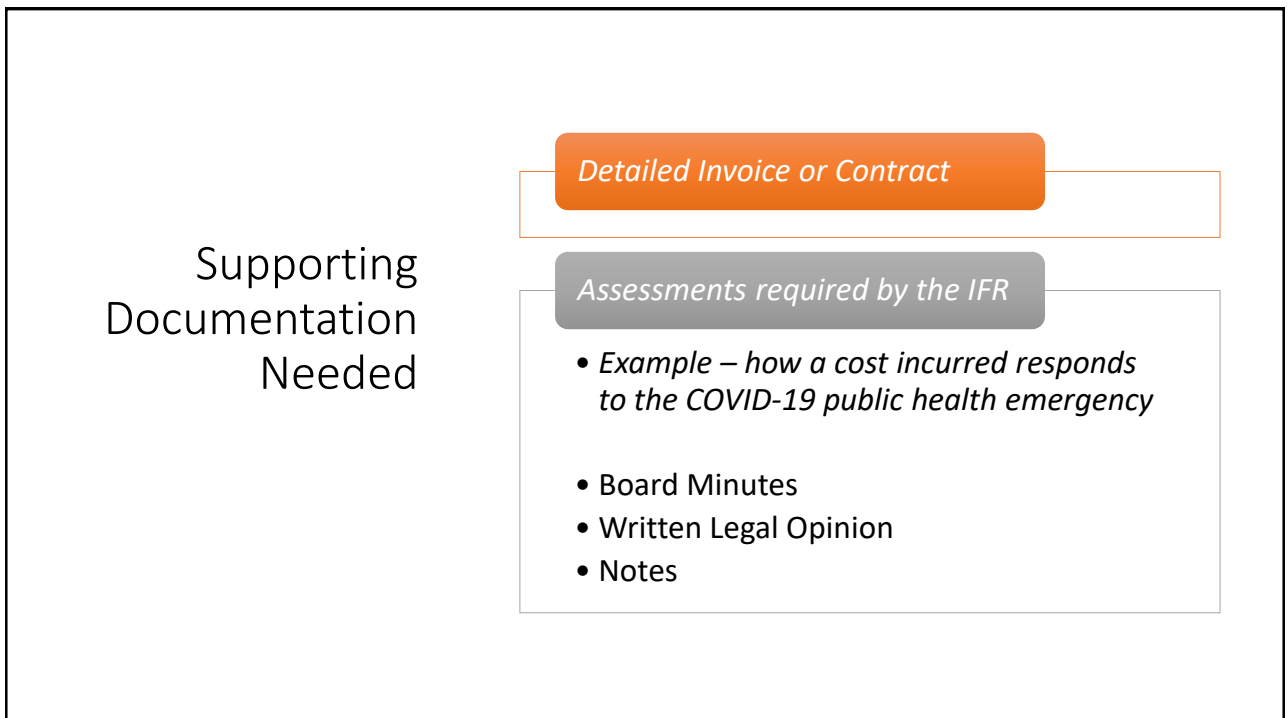
- Appropriation by Council required before use.
- Disbursements must be made directly from the ARP Fund through the normal claims process with adequate supporting documentation. (IC 5-11-10-1.6).
- Disbursements must comply with ARPA and Interim Final Rule.
- Money may not be transferred to another fund.

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US Treasury Expectations

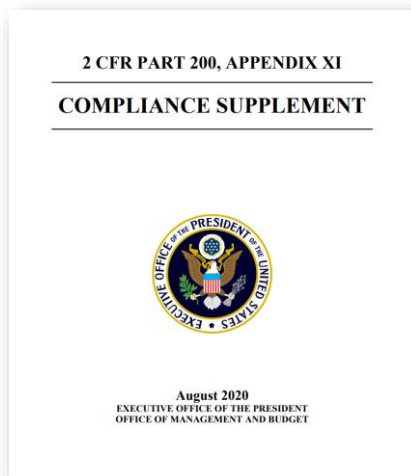
- “To ensure public trust, Treasury expects all recipients to serve as strong stewards of these funds. This includes ensuring funds are used for intended purposes and recipients have in place **effective financial management, internal controls, and reporting** for transparency and accountability.”

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US Treasury FAQ 9.5

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Uniform Guidance – Compliance Requirements

- There are 12 Compliance Requirements for all Federal Programs
- Main ones for ARPA (others could also apply):
 - *Activities Allowed or Unallowed*
 - *Allowable Costs / Cost Principles*
 - *Equipment and Real Property Management*
 - *Period of Performance*
 - *Procurement and Suspension and Debarment*
 - *Reporting*
 - *Special Tests and Provisions*

• https://www.whitehouse.gov/wp-content/uploads/2020/08/2020-Compliance-Supplement_FINAL_08.06.20.pdf - Look for Part 3

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CFDA
Number

Coronavirus State and Local Fiscal Recovery Fund

21.027

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US Treasury FAQ 9.5

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ARPA and your Local Plan

Costs incurred to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.

Funds may be used for costs incurred to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers... that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;

Costs incurred for Governmental Services (limited to calculated reduction)

Costs incurred to make necessary investments in water, sewer, or broadband projects

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FAQ - Interest

- SBOA Memorandum dated June 15, 2021
 - Posted at www.in.gov/sboa
 - Sent through the E-gov delivery service.

- Can ARPA money be placed in an interest-bearing Account?
 - Remittance of Interest
 - Posting of Interest

- Can ARPA money be comingled with other City or Town money on deposit?
 - Must calculate and identify interest earned with ARPA Funds

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FAQ - Timing of Costs Incurred

May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

- Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

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US Treasury FAQ 2.7

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Timing of Costs Incurred

May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?

- Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

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US Treasury FAQ 6.2

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Timing of Costs Incurred

May recipients provide premium pay retroactively for work already performed?

- Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

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US Treasury FAQ 5.3

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Timing of Costs Incurred

Do restrictions on using Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient or to costs incurred by households, businesses, and individuals benefiting from assistance provided using Coronavirus State and Local Fiscal Recovery Funds? [6/8]

- The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient (i.e., city or town). However, recipients may use ARPA Funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the Interim Final Rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021.

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US Treasury FAQ 4.7

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Recordkeeping

What records must be kept by governments receiving funds?

- Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury's regulations implementing those sections, and Treasury's guidance on eligible uses of funds.

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US Treasury FAQ 9.1

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Reporting Requirements

- Reporting Requirements for Metropolitan Cities
 - Interim Report due August 31, 2021
 - Initial Quarterly Project and Expenditure Report due October 31, 2021
 - If population exceeds 250,000 – Annual Recovery Plan Performance Report
- Reporting Requirements for Other Cities and Towns
 - Annual Project and Expenditure Report due October 31, 2021
- Record Retention: Five years after all funds have been expended or returned, including records demonstrating that the award funds were used for eligible purposes. (*US Treasury FAQ 9.1*).

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Responding to the PHE or its negative economic impacts

Identify a need or negative economic impact due to COVID-19

Assess the connection between the need or negative economic impact and the COVID-19 PHE, including the nature and extent of the harm.

Assess whether responses is related and reasonable proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type of extent of harm experienced would not be eligible uses.

Assess the extent to which the costs incurred would respond to the need or negative economic impact.

Document assessments, explanations, and agreements with recipients.

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Premium Pay

- Premium Pay - Make sure you know the definitions!
 - Premium Pay - *Section 602(g)*
 - Eligible Worker - *Section 603(g) and definition section of the IFR; examples are also in the IFR.*
 - Essential Work – *Definitions section of the IFR*
 - Essential Critical Infrastructure Sectors – *Examples are in the IFR.*
- If the premium pay increases a worker's total pay above 150% of the greater of the state and county average annual wage, **written justification** must be maintained to show how the premium pay responds to the needs of these workers.
- Premium Pay may not exceed \$25,000 per eligible worker.
- If your local plan includes premium pay, **maintain documentation and explanation** that the premium pay meets the definitions and requirements of the ARPA and Interim Final Rule.
 - a recipient must consider whether the pay or grant would “respond to” the worker or workers performing essential work.
 - Premium pay or grants provided under this section respond to workers performing essential work if it addresses the heightened risk to workers who must be **physically present** at a jobsite.
 - premium pay or grants provided using the Fiscal Recovery Funds should **prioritize** compensation of those lower income eligible workers that perform essential work

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General Revenue

- General Revenue
 - Census Bureau's Annual Survey of State and Local Government Finances:
https://www2.census.gov/govs/pubs/classification/2006_classification_manual.pdf
- Included items
 - Taxes, Current Charges, Miscellaneous General Revenue, Intergovernmental Transfers between state and local governments
- Exclusions
 - Refunds, correcting transactions, proceeds from the issuance of debt, proceeds from the sale of investments, agency or private trust transactions, revenue generated by utilities, revenue generated by insurance trusts, intergovernmental transfers from the federal government, including federal transfers made via a state to a locality pursuant to the CRF or LFRF
- Maintain documentation, explanation & calculations!

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US Treasury FAQ 3.1

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General Revenue

- Revenue calculated in an Entity-wide basis rather than a source-by-source basis
- Time period for estimating revenue loss
- Reduction in Revenue due to the COVID-19 PHE
- Audited v. Unaudited Information
- Source of Revenue Data
- Cash or Accrual Basis
- Mathematical Formula

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Government Services

May include, but are not limited to

- maintenance of infrastructure or pay-go spending for building new infrastructure, including roads;
- modernization of cybersecurity, including hardware, software, and protection of critical infrastructure;
- health services;
- environmental remediation;
- the provision of police, fire, and other public safety services.

May not include uses that do not entail direct provision of services to citizens.

- paying interest or principal on outstanding debt,
- paying interest on short term revenue or tax anticipation warrants
- Paying fees or issuance costs associated with the issuance of debt
- replenishing rainy day or other reserve funds
- Pension deposits
- Non-federal match

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Investments in Water, Sewer, Broadband

Water and Sewer

- Align uses with eligible projects
 - Clean Water SRF: https://www.epa.gov/sites/production/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf
 - Drinking Water SRF: <https://www.epa.gov/dwsrf/dwsrf-eligibilities>
 - Includes cybersecurity and efforts to address climate change

Broadband Infrastructure

- Unserved or Underserved
- Expected speed

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US Treasury FAQs 6.1 to 6.11

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Contact Info



Todd Caldwell
Director of Audit Services



Susan Gordon, CPA
Director of Audit Services



cities.towns@sboa.in.gov
317-232-2513

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