

IAPSS Region Meeting

Chase Lenon, CPA – Director of Audit Services

**Jonathan Wineinger – Director of Audit
Services**

Contact Information



- Website - <https://www.in.gov/sboa/4445.htm>
- Phone – (317) 232-2512
- Email – Schools.Townships@sboa.in.gov

STATE BOARD OF ACCOUNTS



- Created in 1909 in response to widespread public corruption
- 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.
- Responsibilities
 - Perform examinations of governments, political subdivisions, and other entities receiving public funds
 - Various other duties including providing uniform guidelines, training, and consulting for officials

COVID-19 Federal Funding Resources



- Coronavirus Aid, Relief, and Economic Security Act 2020 (**CARES**)
 - Added by Sec. 5001 of the CARES Act.
- American Rescue Plan Act (**ARP**) of 2021
 - Added by Sec. 9901 of the ARP Act.



SBOA Website - <https://www.in.gov/sboa/>

- Summaries of the Acts
- Allocations
- State Examiner Directives
- Accounting Processes
- Applicable statutes
- Audit Positions
- Recommended Policies
- FAQs
- Other resources from the Federal government and other State Agencies

COVID-19 Resources

[American Rescue Plan \(ARP\) Act Information](#)

[Coronavirus Aid, Relief, and Economic Security \(CARES\) Act Information](#)

Accounting for Reimbursement Grants



- Each grant must be accounted for in a **separate fund**.
- **Supporting Documentation** must be kept.

What If I Spent Out of a Non-COVID Fund?



- Ex: purchased COVID item from Operations Fund
- Option 1: Correction of error.
 - **Reverse entry** to reinstate fund balance and re-appropriate.
 - **Post disbursement** in COVID grant fund

What If I Spent Out of a Non-COVID Fund?



- Option 2: Claim created
 - **Deposit reimbursements** into COVID grant fund.
 - **Create Claim** against COVID grant fund in favor of Operations fund.
 - **Pay back** Operations Fund.

COVID Grants Misc



- Will not take exception to a **negative grant fund** IF you show reimbursement documentation equaling the negative balance of the fund.
- Reimbursements must be claimed on a timely basis.
- Be careful to only spend funds on allowable items. **Read the grant agreement!**



SBOA “Contracting-Out” Audits

- Due to the massive amount of federal funds distributed due to the CARES and ARP Acts, we expect most units will have a federal audit requirement in 2020.
- State Examiner has authority to contract with CPA firms to perform audits in lieu of SBOA staff.
- The audit fees paid by schools will not increase as a result.



SBOA Fees – IC 5-11-4-3

- **Taxing Unit Rate: \$175/day** (\$23.33/hour)
- **Full Cost Rate***: \$712.50/day (\$95/hour)
 - *The full cost rate is the amount we would need to bill to each unit of government to be fully funded
- **Processing Fee: \$95 to \$2,990** depending upon unit/engagement

- CPA firm rates are higher than our full-cost.

- **We are subsidizing these audits.**
 - Amount SBOA pays to CPA firm:
 - (CPA firm rate - SBOA Full Cost) = SBOA cost.

On-Site Auditing Memo



- Memo sent on April 7th, 2021.
- State Examiner relayed that starting April 12th, 2021 - examiners will plan to be on site at least 2 days per week.

Directive 2020-1 – RESCINDED



- Timely Deposit of Funds:
 - Not allowed to limit depositing to twice a week.
- Approval of claims:
 - Cannot approve claims for payment in advance of board allowance.

Daily Deposit Law



- IC 5-13-5-1 – All Public funds must be deposited not later than the next business day.
- Deposit in same form as received. Post receipts daily.
- Exceptions: If funds on hand are less than \$500 - IC 5-13-6-1(g).

ECA Deposits



- IC 20-41-1-9
- Deposit all receipts in one bank
- Deposit without **unreasonable delay** (1 week)

Approval of Claims



- IC 5-11-10-1.6:
 - Cannot draw warrant for payment of claim unless:
Payment of the claim is allowed by the school board.
- Exceptions known:
 - State-run technology program (20-20-13).
 - Paying indebtedness.
 - Payments due to the State or United States.

Annual Financial Report (AFR) - Gateway



- Historically, the source of the financial statements have been from IDOE's Form 9.
- Starting in 2021, SBOA will be collecting financial information in the AFR, due August 29th.
- **Subpoenas** will be sent if not submitted timely!

Monthly Uploads



- Amended Directive

- https://www.in.gov/sboa/files/Directive-2018-1-Monthly-and-Annual-Engagement-Uploads-Amended-11_9_2020.pdf

- Monthly Additions: Bank Statements, Outstanding Check List.

- ECA uploads **have not changed at this time.**



Student Engagement Policy

- Bulletin Article page 4 - <https://www.in.gov/sboa/files/2019%20December%20School%20Bulletin.pdf>
- Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.
- The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

Residency Verifications (ADM)



- IDOE modified position: **Highly Recommended.**
- We will audit to what the school's local policy says.
- Necessary to consider the effect the policies have on the schools' system of internal controls.

Internal Controls



- IC 5-11-1-27
 - 1. Adopt minimum standards
 - 2. Train *Personnel* defined in IC 5-11-1-27(c)
- Next steps? Creating an Internal Control Policy!



Components of Internal Control

- **C**ontrol Activities
 - Actual procedures performed
- **R**isk Assessment
 - Where could things go wrong?
- **I**nformation and Communication
 - If things go wrong, do you know?
- **M**onitoring
 - It needs to be continuous process
- Control **E**nvironment
 - 'Tone at the top'

C.R.I.M.E!



Rainy Day Fund (RDF) - Resolution

- IC 36-1-8-5.1
 - Must specify the Purposes of the RDF.
 - Must specify the Sources of funding for the RDF.
- If referring to a board policy → it **must be a specific policy**.
 - If referenced with a date a policy was passed you may have to modify the resolution.

Gateway Updates (ECA Closure)



- If an ECA is combined or closed, you must notify SBOA.
- ECA Risk Reports should be filed for each year financial activity occurred.
- In the final year of operation, **the ECA should report \$0 cash balances in every fund in Gateway.**

ECA Activity included in School's Financial Statements



- Enhanced Regulatory Audits start with 2019-2021 biennial audits.
- Financial Statements will be presented based upon Fund type.

EXAMPLE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
July 1, 2020 to June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Enterprise Funds	Other Funds	Totals
Cash and investments - beginning	\$ 1,179,237	\$ 1,574,752	\$ 1,045,201	\$ -	\$ 1,672,910	\$ 2,572,040	\$ 8,044,140
Receipts							
Local sources	1,363,698	357,498,126	3,371,871	-	587,164	-	362,820,859
Intermediate sources	-	-	-	-	-	-	-
State sources	261,283	-	-	-	12,497	-	273,780
Federal sources	767,285	-	-	-	1,024,071	-	1,791,356
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	452	-	-	5,036,473	5,036,925
Total receipts	<u>2,392,266</u>	<u>357,498,126</u>	<u>3,372,323</u>	<u>-</u>	<u>1,623,732</u>	<u>5,036,473</u>	<u>369,922,920</u>
Disbursements							
Current							
Instruction	671,218	-	-	-	-	-	671,218
Support Services	1,618,611	-	1,455,529	-	9,913	-	3,084,053
Noninstructional services	2,636	-	-	-	1,536,644	-	1,539,280
Facilities acquisition and construction	50,720	-	1,448,327	-	-	-	1,499,047
Debt services	-	3,060,823	-	-	-	-	3,060,823
Nonprogrammed charges	-	-	-	-	-	1,069,303	1,069,303
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>2,343,185</u>	<u>3,060,823</u>	<u>2,903,856</u>	<u>-</u>	<u>1,546,557</u>	<u>1,069,303</u>	<u>10,923,724</u>
Excess (deficiency) of receipts over disbursements	49,081	354,437,303	468,467	-	77,175	3,967,170	358,999,196
Other financing sources (uses):							
Proceeds of long-term debt	-	14,324	-	-	-	-	14,324
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	74,378	74,378
Transfers out	-	-	-	-	-	(71,402)	(71,402)
Total other financing sources (uses)	<u>-</u>	<u>14,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,976</u>	<u>17,300</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,081	354,451,627	468,467	-	77,175	3,970,146	359,016,496
Cash and investments - ending	<u>\$ 1,228,318</u>	<u>\$ 356,026,379</u>	<u>\$ 1,513,668</u>	<u>\$ -</u>	<u>\$ 1,750,085</u>	<u>\$ 6,542,186</u>	<u>\$ 367,060,636</u>

The notes to the financial statements are an integral part of this :

EXAMPLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS - OTHER FUNDS
 For the Year Ended June 30, 2022

	Post-Retirement/ Severance Withholdings	Employee Benefit	Extracurricular Activity	Clearing Account	Total Other Funds
Cash and investments - beginning	\$ 3,961,866	\$ 2,315,608	\$ 257,219	\$ 7,493	\$ 6,542,186
Receipts:					
Local sources	-	-	-	-	-
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Temporary loans	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other receipts	2,355,315	1,912,725	931,864	74,068	1,005,932
Total receipts	2,355,315	1,912,725	931,864	74,068	5,273,972
Disbursements:					
Current					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
No instructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	2,347,386	2,094,501	932,261	66,983	5,441,131
Interfund loans	-	-	-	-	-
Total disbursements	2,347,386	2,094,501	932,261	66,983	5,441,131
Excess (deficiency) of receipts over disbursements	7,929	(181,776)	(397)	7,085	(167,159)
Other financing sources (uses):					
Proceeds of long-term debt	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources and other financing uses	7,929	(181,776)	(397)	7,085	(167,159)
Cash and investments - ending	\$ 3,969,795	\$ 2,133,832	\$ 256,822	14,578	6,375,027

SBOA Email List



- We have changed the way we communicate. If you have not done so already, please [sign up for email communications](https://www.in.gov/sboa/7130.htm) on our website
 - <https://www.in.gov/sboa/7130.htm>.
- The 'From' Addresses will appear as **Indiana@subscriptions.in.gov** or **Schools.Townships@subscriptions.in.gov**.

Reporting Losses and Frauds State Examiner Directive 2015-6



IC 5-11-1-27(j)

Report to SBOA **immediately** all material:

- Variances,
- Losses,
- Shortages, or
- Thefts

of funds or property

(Any suspected theft or fraud should be reported)



SBOA Website Overview



<https://www.in.gov/sboa/political-subdivisions/schools/>



Questions?

