



State Board of Accounts - Overview

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Contact Information



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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, recounts, and consulting services for officials.



Organizational Structure:

- SBOA Board (State Examiner, 2 Deputies)
- Directors (2 per area)
 - **Schools and Townships**
 - Cities/Towns and Special Districts
 - Counties
- Audit Coordinators
- Investigation Coordinators
- Field Examiners

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)





How To Prepare for An Audit

Audits



- How often are you audited?
 - Risk Based Criteria IC 5-11-1-25
 - **Not to exceed once every four (4) years**
- Examinations are completed annually (biennially for a school corporation) if one or more of the following apply:
 1. If the entity is subject to an annual federal audit (A federal audit is required if the amount of federal expenditures exceeds \$750,000 for an audit period).
 2. Due to continuing disclosure requirements; or
 3. As a condition of a public bond issuance.
- The entity **must provide notice to the State Examiner not later than 60 days after the close of the entity's fiscal year** that it is required to have an annual audit under these circumstances.

Types of SBOA Engagements



- Single Audit
 - Required for Townships that exceed the threshold of federal grant expenditures
- Examination
 - Required for Townships that have outstanding debt
- Compliance
 - Required for Townships that do not have outstanding debt, but are assessed at a High level of risk
- Centralized Compliance
 - Required for Townships that do not have outstanding debt, but are assessed at a Moderate or Low level of risk
- Special Investigation
 - Required for Townships in which the SBOA had determined a need to review specific areas for a specific time period

The Entrance Conference



- Examiners should explain objective of engagement.
 - Testing for non-compliance, obtaining assurance if applicable...
- Explanation of Management's responsibilities.
- Informing management of fees, records to be requested, estimated timeline of engagement...
- **Please ask any questions** if you are not clear on anything the examiner provides or requires!

TOWNSHIP RECORD REQUEST AND RECEIPT

Name of Governmental Unit: _____

We are conducting an examination of your office for the period __ through __. For the period being examined, please bring the following records to __, Indiana, on __ at __, or call us at __ to make other arrangements. (or For the period being examined, we will pick up the following records on __ at __. If this date and time is not convenient, please call us at __ to make other arrangements.) A review of certain records may be made to the current date. The State Board of Accounts' field examiner and the official or their designee will sign this form for all records received and provided. The records will be returned by _____. If the records are needed beyond this date, you will be notified. If any records are needed while in the custody of SBOA, please contact the field examiner at the email or phone number provided below. Once the examination is complete, you will be required to sign for all records

Date Records Received**Date Records Returned**

Records Requested	Received	Returned	Comments
Township Board Minutes and Board Resolutions - include to current date.			
Resolutions Recommending Salaries - Form 17			
Financial and Appropriation Records (Township Ledger).			
Bank reconciliations, outstanding checklists, bank statements, cancelled checks, etc.			
Register of Investments (Form 350), certificate of deposits, and any other investment records and documents for the period - include to date. Include Annual Investment Reports filed with Board of Finance.			
All debt documents, including notes, bonds, and loan agreements - include to current date. You should also include amortization schedules.			
All supporting documentation for expenses paid, i.e., itemized bills, invoices, mileage claims and contracts.			
Proofs of publications of all legal advertising paid.			
Duplicate receipts.			
Payroll records, including: Employees Service and/or Earnings Records; W-2s; W-3s; 941s; WH-3s; W-4s; 1099s; payroll withholdings remittance forms, communication with IRS or Indiana Department of Revenue.			
Specifications, bids, contracts, etc. in connection with construction or remodeling of buildings, and purchases of equipment and supplies.			
Documentation from the Department of Local Government Finance (DLGF) approving additional appropriations for each year.			
All contracts, e.g., Fire Protection, Cemetery, Ambulance, Mowing, etc.			
Township Assistance records, including applications submitted and the written Township Assistance Standards required by IC 12-20-5-5-1.			
Documentation regarding Federal, State, or Local Grants received			
Documentation from County Auditor regarding tax distributions, including Copies of year-end certifications that elected officials did not violate nepotism and contracting laws as required by IC 36-1-20.2-16 (nepotism) and 36-1-21-6 (contracting).			
Official Bond Information - include to current date			
** NOTE TO OFFICIAL: PLEASE DO NOT INCLUDE YOUR CURRENT CHECK BOOK WITH THE RECORDS PROVIDED			

I hereby acknowledge the receipt of the above records as indicated by an X.

I hereby acknowledge that the above records were provided as indicated by an X to SBOA.

Field Examiner - Printed

Official Name - Printed

Field Examiner Signature

Official Signature

Email Address

Email Address

Phone Number

Phone Number

I hereby acknowledge that the above records were returned as indicated by an X.

Official Signature

Compliance procedures to expect



- Comparisons of AFR to Township ledger
- Expenditures in excess of appropriations
- Monthly bank reconcilements
- Salaries paid in accordance with contracts/resolution
- Payroll remittance to IDOR + IRS
- Proper disbursements with supporting documentation
- Officials properly bonded
- Prior comments resolved

What we will ask for



- Board Minutes (include to current date)
- Resolutions
- Contracts
- Financial Records (ledger)
- Reconcilements
- Register of Investments
- Debt Documents
- Receipts
- Payroll records

SBOA Checklist



• Before an audit starts be sure to have the following things in order:

1. Monthly bank accounts reconciled.
2. Make sure all schedules are complete (capital asset listing, investments, inventory etc...).
3. Supporting documentation for expenses are in an orderly fashion.
4. Proofs of publication for legal advertising orderly.
5. Check that employee pay was correct.
 - Withholding filings (W-2/941/WH3), form 17, and entries in the ledger to paychecks and contracts.
6. Verify policies are updated.
7. Come with a list of questions!

Tips and Tricks



- During the year track restricted grants, gifts, donations etc...
- Keep internal control documentation and supporting documentation together.
- Respond quickly to inquiries – smaller audit bill.
- Establish an ‘auditor’ file:
 - Could include: regulatory agency correspondence, contracts, lawsuits, reconciliations...

Ask us questions!



- HB 1031 (2017) – repeat comments have consequences.
 - Make sure to get an idea on how to fix problems before the examiner leaves.
 - If not, contact us at schools.townships@sboa.in.gov
- Implement fixes immediately!
 - 4-year audit cycles – a comment could only pertain to one year, overshadows compliant years.

What not to do



- Panic!
- Try to hide things – we are here to help!
 - The auditor should be viewed as a resource, not an adversary.
- Be afraid to ask questions.
- Try not to look at an audit as something to complicate your life!
 - An audit is an irreplaceable tool to ensure your finances are in order.

The Exit Conference



- Draft report provided and discussed.
- Official given chance to respond to comments (Form 4) – 10 days.
- Official's term, email and physical addresses verified.
- Again, please ask any questions if you are not clear on anything the examiner talks about!

Findings



1. Audit Result and Comment (ARC)

- **Written Comment**

2. Management Letters

- **Letter** to official/board
- Did not rise to the level of “Significant and Impactful”

3. Verbal Comments

- **Verbally communicated**
- Didn't rise to level of management level, but still warrants attention to official

4. Federal findings

SBOA Fees – IC 5-11-4-3



- Taxing Unit Rate: \$175/day (\$23.33/hour)
- Full Cost Rate*: \$802.50/day (\$107/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



SBOA Resources

Resource Handout



- Available on our website
 - <https://www.in.gov/sboa/files/Newly-Elected-Trustee-Resources-Packet.pdf>
- Includes many links to the resources referenced.



IC 5-11-1-24

Sec. 24. (a) The state board of accounts shall establish in writing uniform compliance guidelines for the examinations and reports required by this chapter. The uniform compliance guidelines must include the **standards that an entity must observe to avoid a finding** that is critical of the audited entity for a reason other than the audited entity's failure to comply with a specific law.



- This Manual addresses requirements common to all **financial accounting systems**.
- In the event these requirements are not met by the computer environment of the accounting system, **compensating manual controls must be implemented**.

Internal Control Manual



- Indiana Code 5-11-1-27 provides that internal control standards shall be defined to promote government accountability and transparency.
- **SBOA** is required under Indiana Code 5-11-1-27(e) to **define the acceptable minimum level of internal control standards.**

Internal Control Minimum Requirements



Step 1:

1. Adopt minimum standards
2. Internal Control Training – IC 5-11-1-27

Step 2:

Create internal control policies!!

Regulatory Manual



- The SBOA has outlined the **regulation related to reporting of financial information** for all local governmental units and quasi agencies of the State in this manual.
- Indiana Code 5-11-1-2 states: "The state board of accounts shall formulate, prescribe, and install a system of accounting and reporting in conformity with this chapter..."

Accounting and Uniform Compliance Guidelines Manual for Townships



- Chapter 1 - Prescribed Forms, Taxes, General Information, Local Policies, and Deposits and Investments
- Chapter 2 - The Township Trustee
- Chapter 3 - Description of Township and General Forms
- Chapter 4 - Use of Financial and Appropriation Record
- Chapter 5 - The Township Board
- Chapter 6 - Township Assistance

Accounting and Uniform Compliance Guidelines Manual for Townships (Continued)



- Chapter 7 - Cemeteries
- Chapter 8 - Fire Protection and Emergency Services
- Chapter 9 – Recreation - Township Parks and Community Centers
- Chapter 10 - Township Libraries
- Chapter 11 - Miscellaneous Duties and Other Matters Relating to the Office of the Township Trustee
- Appendix – Shows sample copies of Township and General Forms.

State Examiner Directives



- A Directive is a pronouncement by the SBOA that **sets forth a policy or procedure that the SBOA will use to enforce a law or Uniform Compliance Guideline** to conduct audits, and to carry out its duties as set forth by the Indiana legislature.
- A person who refuses to follow a Directive is subject to a civil action for an infraction.

Bulletins



- Quarterly Publication
 - March
 - June
 - September
 - December
- Index at end of each bulletin
- How to easily search? **Resource Library!**

Bulletins



- **Hold the same weight** as compliance guidelines issued in manuals!
- Also includes:
 - Important dates to remember
 - Legislation change summaries
 - Announcement of required trainings

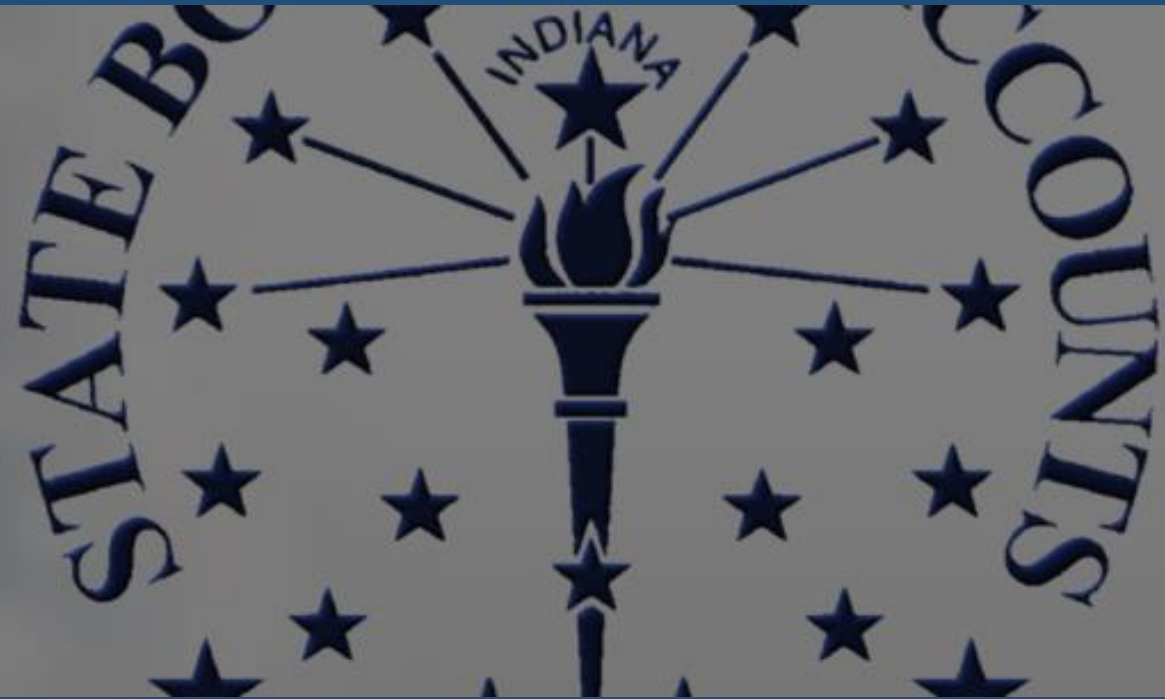
SBOA Email List



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<https://www.in.gov/sboa/about-us/sboa-communications-sign-up/>

Resource Library



SBOA Resource Library



The State Board of Accounts (SBOA) is pleased to present an online resource library for our clients and the citizens of Indiana. The following information can be now searched in the resource library.

- SBOA Uniform Compliance Guidelines (including previously issued bulletin articles)
- State Examiner Directives
- Best Practice Documents
- Indiana Code Section Summaries
- Frequently Asked Questions
- Other Miscellaneous Materials

Website Overview



<https://www.in.gov/sboa/>

Indiana Codes



- How do I look up State Statutes?

- <http://iga.in.gov/>

Other Important Websites



- Indiana Public Access Counselor
 - www.in.gov/pac
- Indiana Commission on Public Records
 - www.in.gov/icpr
- Indiana Department of Revenue
 - www.in.gov/dor
- Indiana Department of Local Government and Finance
 - www.in.gov/dlgf
- Internal Revenue Service
 - www.irs.gov

SBOA State Called Meetings



IC 5-11-14-1 (e) “The state examiner may hold other conferences for:

- (1) the officials described in subsection (b); or
- (2) other county, city, or **township officers**;

whenever in the judgment of the state examiner conferences are necessary.”

- **Make sure to come to our state called meetings in the Spring!**



Questions?