



# SBOA Update

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## Contact Information

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## Part 1 – Corrective Action Plans



# Background



## Adds IC 5-11-5-1.5:

Requires entities to take action to resolve noncompliance noted in an SBOA audit report

If the same or similar noncompliance is found in a subsequent report, then the entity must file a corrective action plan with the SBOA

If the corrective action plan is not submitted or completed within 6 months, then the SBOA is required to notify the legislative audit committee

Subsection (f) provides actions the legislative audit committee may take when notified

## Timeline:

Engagements started September 1, 2017 and exited October 1, 2017 or after

- Include statement that it is a repeat finding

- Could also include a management letter

Engagements started December 1, 2017 and exited February 1, 2018 or after

- If repeat findings are included, then a corrective action plan is required



Why should I pay attention?

- 99% of School CAPs have required revisions
- More detailed than the Federal CAP
  - Copy and paste is not sufficient!

## CAP Packet



- CAP Packet is now provided at exit
  - Includes exit conference form, guidelines/instructions for CAP, template, FAQ.
- Please ask questions at the Exit Conference

# CAP Template



Clearly state the issue:

List the requirements that were not followed:

Unit Response:

Identify the root cause of the issue:

Steps to be taken to correct the issue:

Implementation timetable:

Summary of how the corrections will prevent future occurrence of the issue:

## Clearly State the Issue



- Restate the issue identified in the repeat finding.
- Is the Who/What/When/Where/How addressed?
- **IN YOUR OWN WORDS!**



## List the Requirements That Were Not Followed



- Restate each requirement not followed:
  - SBOA Uniform Compliance Guidelines (manual, bulletins, State Examiner Directives)
  - Code of Federal Regulations (CFR)
  - Local Policy
  - Administrative Regulations (Other State Agencies)
  - Indiana Code

## Unit Response



- Two Options:

1. “We Agree”

Or,

2. “We do not agree because...”



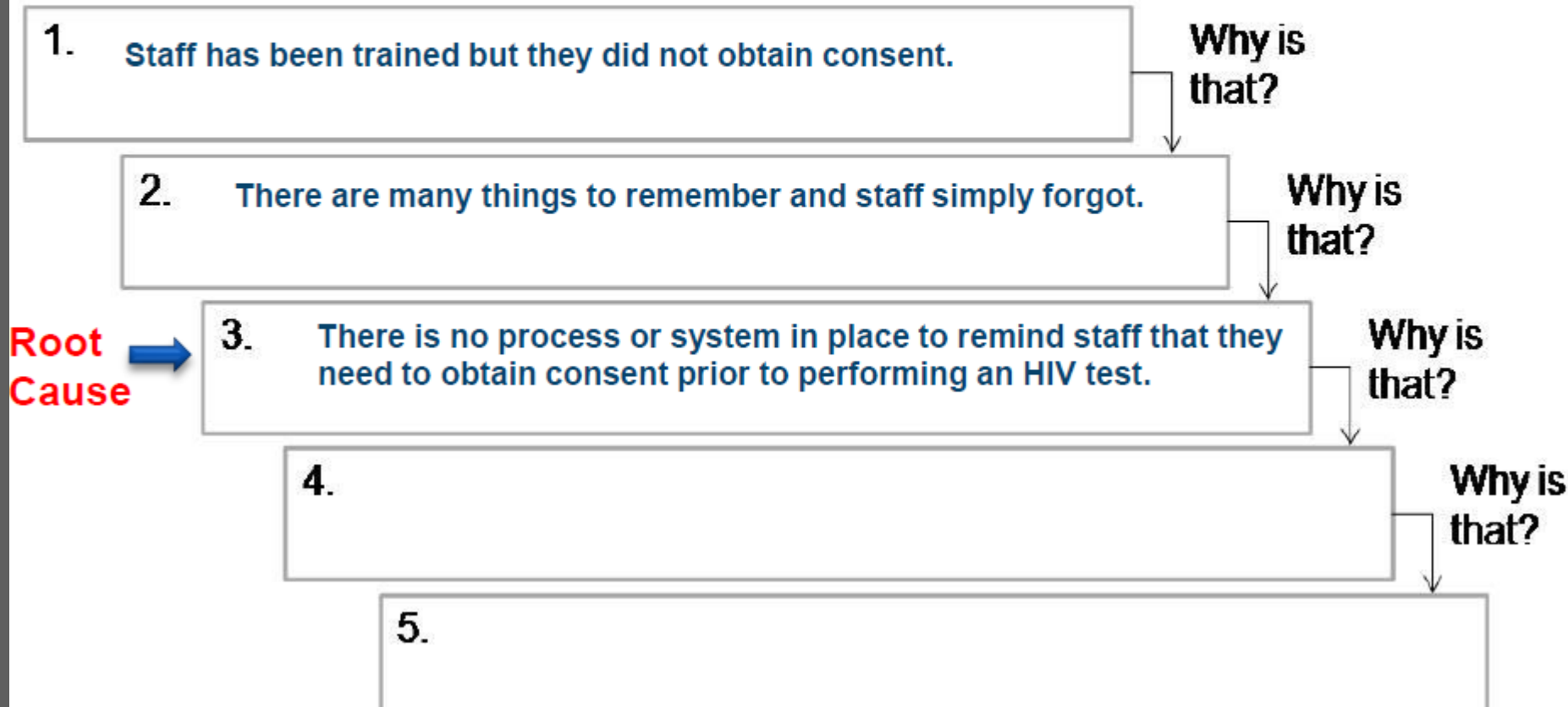
## Identify the Root Cause

- Do not focus on the effect
  - What created this issue, or what led to the noncompliance?
  - Why do you continue to have this issue?
- 5 whys – problem solving technique

Define the problem

HIV Consent – records missing one of the following:  
signed consent form; documentation of verbal consent; documentation that  
client declined HIV testing.

Why is this happening?





## Steps to be taken to correct the issue

- Please be detailed!
- S.M.A.R.T Goals guidelines:
  - Specific
  - Measurable
  - Achievable
  - Results-Focused
  - Time-Bound



## Implementation Timetable

- Timeline – focus on when the action takes place, not after (or the outcome)
  - Example: Timeline of when you put your new policy in place. NOT when the next reporting requirement occurs.

## Summary of How the Corrections Will Prevent Future Occurrence



- How will the items outlined in the CAP prevent this issue?
- If can't 100% ensure, detail controls to prevent, detect, and timely correct the issue

## Common Repeats



- Preparation of the SEFA
- Prepaid School Lunch Funds
- Internal controls over “\_\_\_\_\_”



## Misc. CAP items



- If you need an extension – email [Communications@sboa.in.gov](mailto:Communications@sboa.in.gov) or [CAP@sboa.in.gov](mailto:CAP@sboa.in.gov)
- 6 month corrective window does not start until we “accept” the CAP.

## CAP writing - an Opportunity



- This should be your plan to fix the issue.
- Take advantage of us!
- Should stand on its own

## Part 2 – SBOA Update



## Audit Schedule Status



- School Corporation engagements
  - Working through the backlog
- S&P requirements
  - Units will be required to have audited financial statements within 3 years or they will downgrade the unit's bond rating
  - Therefore, the SBOA has made it a priority to complete audits for units on S&P's list that have not been done through 2014
- Schools planning on issuing debt
  - Notify Engagement Strategies Director
  - [EngagementStrategies@sboa.in.gov](mailto:EngagementStrategies@sboa.in.gov)

# Monthly and Annual Upload Gateway Application



## •Goals:

- Conduct more planning and audit work prior to the start of your engagement to allow for a more efficient audit process
- Conduct more audit procedures from a remote location so that we are not on site at the local governmental unit as many days as we are currently
- Conduct audit procedures in real time so that we can be quicker at providing you assistance when needed and conduct a more effective risk assessment

## Monthly and Annual Engagement Uploads – Gateway Application



- The first step in achieving our goals was to develop a secure platform in which you can upload documents to us on a periodic basis or as needed for audit
- We have created this application within Gateway – Titled Monthly and Annual Engagement Uploads

## Pilot Project



- Currently conducting a pilot project with 11 governmental units in which we are using the new application to conduct non federal audits remotely. We will be identifying checkpoints in this project which will help us identify which audit procedures we can do remotely and which procedures will need to be done on site
- The test units are also utilizing the monthly upload piece of the application to provide us with feedback on the ease of use and any issues they might have.



## What is the new application?

- We will be asking for some files to be uploaded to us monthly and some files to be uploaded to us annually.
- For units, other than schools and counties, we have identified what those files will be
- For schools and counties, more information will come on the files we will be requesting in the future.



## Files Requested



### Monthly

- Bank Reconciliation
  - For the monthly upload, you only have to provide the reconciliation only. We will not require all supporting documentation for that reconciliation
- Approved Board Minutes
  - A Link can also be provided
  - Minutes should be uploaded from all boards and councils
- Funds Ledger
  - A monthly report of receipts, disbursements, and balances

### Annually

- Year End Bank Statement
- Year End Outstanding Check List
- Year End Investment Statements
- Detail of Receipts for the Year
- Detail of Disbursements for the Year
- Salary Ordinance
- Employee Earnings Record
- Annual Vendor History Report



## Implementation Time Frame

- For all units with the exception of counties and schools, planned implementation is for files to be uploaded for July and moving forward for the remainder of 2018 and beyond.
  - The July files would be due by September 15<sup>th</sup>
- For Counties and Schools we still need to determine what files we will be requesting and we plan for implementation for January 2019 files to be uploaded by March 15<sup>th</sup>, 2019



## DIRECT REQUEST FEATURE

- The application also has a direct request feature in which we can request items from you directly when we start your engagement. The application will prompt an email to be sent to you with the information of the direct request. We will be utilizing this feature if your engagement is selected for a remote audit. The email will come from Gateway no-reply-gateway@sboa.in.gov, with a subject line of “State Board of Accounts Engagement Upload Request”

Stay Tuned.....



- Once we work through the pilot engagements, we will have more information on how the audit process will work with this new application
- Gateway > User Guides > State Board of Accounts (SBOA) Monthly and Annual Engagement Uploads
  - <https://gateway.ifionline.org/userguides/engagementguide>

## Special Ed Co-Ops



- Grant Agreements with LEAs
  - LEA has responsibility to monitor Co-Op
  - SEFA must report accurate LEA expenditures
- Talks about awarding grant directly to Co-Op

## Library Funds and Fundraisers



- Library is a Facility provided by School Corporation.
  - Doesn't meet definition of an ECA Fund per IC 20-41-1
- Chapter 6 ECA Manual – Fines and Fees
  - Receipt and Expenditure codes in School Chart of Accounts

# Recipient Agency Summary

# Indianapolis Public Schools (5385)

Applications	Entitlement	Surveys	Allocations	Inventory	Orders	Invoicing
Current Year	Prior Year	Total Entitlement	Entitlement Used	Remaining Balance	No Charge Used	Bonus Used
1,313,674.02	0.00	1,313,674.02	1,339,671.05	-25,997.03	173,740.05	3,156.42
Recipient Agency Allocations			<b>X</b>		<b>X</b>	<b>X</b>
Allocation Code	Allocation Date	Entitlement Used	No Charge Used	Bonus Used	Action	
SVY103269	9/16/2016	 1,770.00	0.00	0.00	<a href="#">View</a>	
SVY103304	10/07/2016	 4,034.04	0.00	0.00	<a href="#">View</a>	
SVY103313	10/14/2016	 578.36	0.00	0.00	<a href="#">View</a>	
SVY103353	11/03/2016	 1,770.00	0.00	0.00	<a href="#">View</a>	
SVY103432	1/06/2017	 3,169.34	0.00	0.00	<a href="#">View</a>	
SVY103515	2/01/2017	 14,605.68	0.00	0.00	<a href="#">View</a>	
SVY103526	2/10/2017	 1,770.00	0.00	0.00	<a href="#">View</a>	
Bonus103560	3/02/2017	 0.00	0.00	808.00	<a href="#">View</a>	
SVY103631	3/03/2017	 6,358.13	0.00	0.00	<a href="#">View</a>	
SVY103748	3/09/2017	 1,409.32	0.00	0.00	<a href="#">View</a>	
SVY103749	3/09/2017	 13,196.36	0.00	0.00	<a href="#">View</a>	
Alloc103772	3/30/2017	 0.00	3,371.96	0.00	<a href="#">View</a>	
Req106643	5/04/2017	 0.00	35,599.80	0.00	<a href="#">View</a>	
Req106644	5/04/2017	 0.00	933.10	0.00	<a href="#">View</a>	



↑ Top of Form



# ECA Audit Engagements

- Extra-Curricular engagements
  - ECA with Receipts > \$1,000,000 will be examined during the School Corporation audit.
    - FOR 2016 REPORT = 76 ECAS
  - ECA with receipts between \$1,000,000 - \$100,000 will be examined in our office in a centralized compliance engagement.
    - FOR 2016 REPORT = 682 ECAS
    - Will be done on a 4 year rotation coinciding with the school corporation audit.
  - ECA with receipts < \$100,000 and not having a specific risk identified will be examined in a centralized review process
    - Approximately 10% of Statewide Activity
- ECA reviews performed by outside contractors will be considered a management tool



# New Legislation



SEA 347 – P.L. 125



# Bonding Procedures

SEA 172 – P.L. 132



# Computer Science

HEA 1167 – P.L. 140



# School Corporation Financial Management

HEA 1001– P.L. 15



# K-12 Funding Appropriations



## Other Legislation

- SEA 428 - Department of child services
- SEA 354 - Freeway school corporations and schools
- HEA 1399 - Elementary school teacher content area licenses
- HEA 1421 - School discipline
- SEA 65 - Instruction on human sexuality
- SEA 303 - Various education matters
- SEA 387 - Teacher licensing
- HEA 1245 - Occupational licensing



## Other Legislation Continued

- HEA 1398 - Coalition of school corporations
- HEA 1420 - Various education matters – charters
- HEA 1426 - Education matters
- SEA 24 - Student possession and use of sunscreen
- SEA 230 - Suicide prevention
- HEA 1356 - Bullying
- HEA 1262 - Tax refund intercepts for debt owed to local units
- HEA 1031 - Cleanup of certain terms-in the Indiana Code



## Other Legislation Continued

- HEA 1323 - Motorized equipment vehicle rental excise tax
- HEA 1412 - Libraries
- SEA 376 – Unclaimed property
- HEA 1004 - Various state and local government matters
- SEA 6 - Technical corrections
- HEA 1024 - Heat preparedness training for coaches





Questions?

## Website Resources



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