

# **IASBO Region 7**

***SBOA Updates / Coronavirus  
memos***

**Chase Lenon, CPA**

**Jonathan Wineinger**

**Directors of Audit Services**



**SBOA is OPEN for business, willing to take calls during business hours, and respond to emails as quickly as we can.**

**Please don't hesitate to contact us via email or phone:**



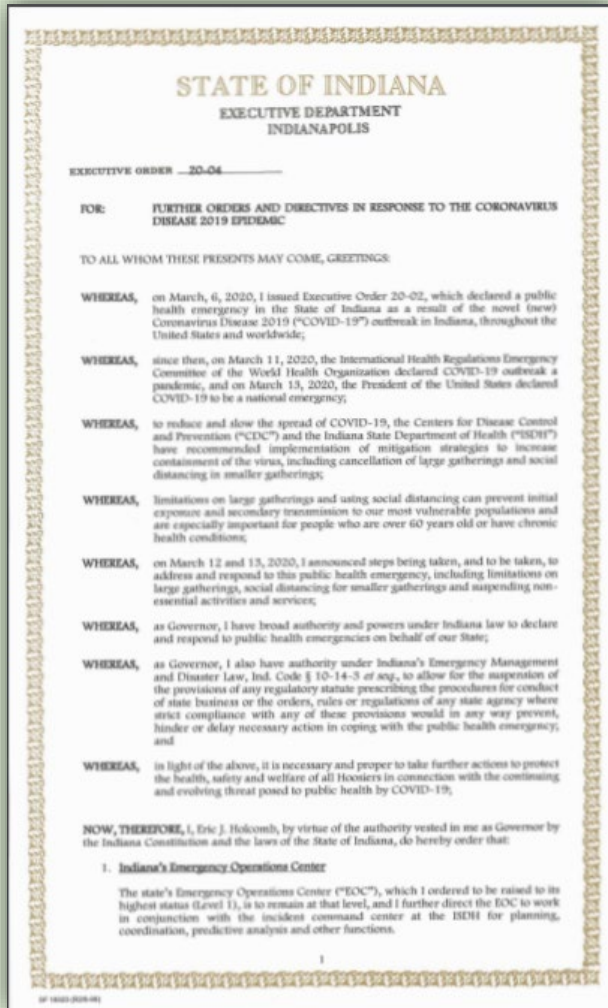
**[Schools.townships@sboa.in.gov](mailto:Schools.townships@sboa.in.gov)**



**317-232-2512**



# Where To Find Executive Orders



<https://www.in.gov/gov/2384.htm>

## Where To Find Memos



**[www.in.gov/sboa](http://www.in.gov/sboa)**

### **SBOA INFORMATION ON CORONAVIRUS**

Please see the Memos linked below.

[Policy Regarding Coronavirus 3-12-2020](#)

[Coronavirus Items to Consider 3-16-2020](#)

# MEMO – Policy Regarding Coronavirus – March 12, 2020




## Consult your attorney

## Develop written policies with broad language

- Can prevent changes/amendments

## Audits

- SBOA will not take audit exception to these policies & resulting responses that are due to the coronavirus

 **STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

**MEMORANDUM**

March 12, 2020  
Re: Policy for Coronavirus

Dear Officials,

We have received several questions regarding the Coronavirus (COVID-19) and its impact on governmental activities. Currently the questions are centering on disruption of travel, work environment, and employee benefits/compensation.

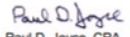
We urge governing bodies to work in the very near future with their attorneys to develop a policy specific to this emerging pressing situation. It should incorporate those items that could be of concern in the coming months. We would advise that this policy have broad language that may reference more specific materials so that the policy does not need to be constantly updated and approved to address the quickly changing real-time issues. The policy should be adopted through normal processes as provided by statute, including public meetings. IC 5-14-1.5-5(d) provides for emergency meetings if those become necessary. Also, if you have collective bargaining, do not forget to consider the agreement's impact.

We will not take audit exception to these policies and resulting responses that are due to the Coronavirus.

We will be providing in a separate communication Monday suggestions and items to consider.

Please continue to send any questions to the Directors, they may be reached at 317-232-2512.

The wellbeing of our citizens is paramount to us all.

Sincerely,  
  
Paul D. Joyce, CPA  
State Examiner

# MEMO – Policy Regarding Coronavirus – March 12, 2020




## Emergency Meetings

- IC 5-14-1.5-5(d)
- Time requirements for posting don't apply
- Still have to give notice
  - Media notified same as board members

## Collective Bargaining Agreements

- Don't forget to take CBA's impact into consideration

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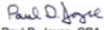
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# MEMO – Coronavirus Items to Consider – March 16, 2020



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**MEMORANDUM**

TO: All Units

FROM: Paul D. Joyce, CPA, State Examiner

RE: Items to Consider when Governing Bodies are Developing Actions/Policies Regarding Coronavirus

DATE: March 16, 2020

=====

Provided are suggestions and items to consider as referred to in the memorandum provided on March 12, 2020.

It must be stressed the urgency to both monitor and address situations as they arise. This is a very fluid situation, changing constantly. Governing bodies will need to be flexible in their approach. Any guidance we provide must be taken in that context and should not be taken as restrictive.

If it is determined that there are needed actions that do not need a formal policy or that there are actions that should be done in conjunction with a formal policy, as long as there is written evidence that a governing body is appropriately approving actions in an appropriate forum, those are acceptable.

For example, school boards who decide to pay employees when schools are closed or impose specific directives or procedures in response to the coronavirus epidemic should do so in a public meeting and the board's action must be in writing. The written action of the board may be in the form of a resolution or board meeting minutes. It is not necessary to do a formal board policy as this action will be temporary and not one that will be ongoing and continuous in the future.

Any policies/actions should have in mind to maintain operations of government as normal or near normal as possible while maintaining the wellbeing of governmental employees and the public.

Here are some items to consider when developing policies/actions for personnel specific to the coronavirus:

What will be done regarding compensation and leave time of employees if there is a mandatory closure of the building? If there is already normally scheduled time off, such as spring break, then for that period of time compensation and leave would be proceed as normal. For mandatory closure outside of normally scheduled time off then guidelines specific to the emergency situation would come into effect.

First to consider, is there specific guidance regarding the coronavirus by the U.S. Department of Labor (DOL)?

DOL website is recommending review of leave policies and consideration of increased flexibility. Q & A regarding pandemics and the fair standards labor act as well as the family medical leave act can be found at [dol.gov/agencies/whd/pandemic](http://dol.gov/agencies/whd/pandemic).

- 1. SBOA Guidance should not be taken as restrictive**
- 2. Monitor and address situations as they arise**
- 3. School Boards will need to be flexible**

## Written polices/actions

- Maintain operations as normal as possible
- Maintain wellbeing of employees & public

MEMO – Coronavirus Items to Consider –  
March 16, 2020



## Items to Consider

- Payroll
  - DOL guidance
    - Recommended review of leave policies & increased flexibility
    - [www.dol.gov/coronavirus](http://www.dol.gov/coronavirus)
    - [www.dol.gov/agencies/whd/pandemic](http://www.dol.gov/agencies/whd/pandemic)
- What work can be done remotely / what needs to be done at a government location



MEMO – Coronavirus Items to Consider –  
March 16, 2020



## Items to Consider (Continued)

- Compensation & leave time – mandatory closing of office/building
- Trade days off
- Establishing the number of employees that can be in certain areas
- Who makes decision for remote work; superintendent, business official, department heads, etc....
- Security of records / assets taken off site

MEMO – Coronavirus Items to Consider –  
March 16, 2020



## Items to Consider (Continued)

- What if employee can't work at home
  - How will employees be paid
  - SBOA will not take audit exception to extension of paid leave time that is in accordance with allowable approved policies/actions and provisions
- Tracking costs
  - Important if Feds are to reimburse your school

MEMO – Assistance During COVID 19 –  
March 31, 2020



## Items to Consider

- During a health crisis a broader reading of statutory uses is permissible.
- SBOA Will not take audit exception if:
  - Executive orders are followed.
  - Policies are adopted in a public meeting to approve expenditures.
  - Has legal opinions documented.
  - The policies adopted explains the need is to address the economic effects of the public health crisis.

MEMO – Continuity of Essential Operations –  
April 3, 2020



## Items to Consider

- Designating individuals to fill in for the fiscal officer
  - Developing a Delegation of Authority
  - Contact banking representative
  - Provide designated individuals contact information
  - Identify Essential tasks
  - Provide employees with equipment to work from home.
  - Interlocal Cooperation may be helpful.
- 
- FEMA Continuity Resource Toolkit:  
<https://www.fema.gov/continuity-resource-toolkit>

# MEMO – Temporary Transfer of Funds – 4-09-20



IC 36-1-8-4(a) provides for the temporary transfer of funds for cash flow purposes.

Sec. 4. (a) The fiscal body of a political subdivision may, **by ordinance or resolution**, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision **if all these conditions are met:**

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
- (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
- (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
- (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
- (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.

MEMO – Temporary Transfer of Funds –  
4-09-20



IC 36-1-8-4(b) If the fiscal body of a political subdivision **determines that an emergency exists** that requires an extension of the prescribed period of a transfer under this section, the prescribed period **may be extended for not more than six (6) months beyond the budget year** of the year in which the transfer occurs if the fiscal body does the following:

(1) Passes an ordinance or a resolution that contains the following:

(A) A statement that the fiscal body has determined that an emergency exists.

(B) A brief description of the grounds for the emergency.

(C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

(2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance.

MEMO – Electronic Signatures –  
April 14, 2020



- May find useful to adjust signature process to electronic.
- SBOA will not take exception to electronic signatures with adequate controls in place.
- Using these signatures does not allow a unit to circumvent other statutory requirements (IC 26-2-8-107)





# MEMOS - Conclusion



**Keep monitoring; things are fluid**

**Work with your attorneys**

**Document policies/actions in writing**




# State Examiner Directive 2020-1



## Timely Deposit of Funds

## Approval of Claims

 **STATE OF INDIANA**  
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STATE EXAMINER DIRECTIVE 2020-1

Date: March 19, 2020  
Subject: Timely Deposits and the Claims Process  
Authority: IC 5-11  
Application: This Directive applies to all local governmental units  
From: Paul D. Joyce, CPA, State Examiner

State Examiner Memorandums titled Policy Regarding Corona Virus dated March 12, 2020, and Corona Virus Items to Consider dated March 10, 2020, are hereby incorporated by reference into this Directive.


During the time of this Public Health Emergency, local governmental units may need to adjust normal procedures for the timely deposit of funds and the approval of claims. The State Board of Accounts will not take audit exception to the following alternative procedures for the timely deposit of funds or the approval of claims.

**Timely Deposit of Funds.** Indiana Code 5-13-6-1 governs the procedure for the deposit of public funds and is still in effect during this time of emergency. However, the State Board of Accounts will not take audit exception if the governing body approves the frequency for deposit of public funds to be limited to two times per week. The approval of the governing body must state that the deposits will be made on Tuesday and Thursday and require the public funds to be secured on those days when a deposit is not made. As always, proper internal controls must be in place to safeguard the assets of the unit.

**Approval of Claims.** Indiana Code 5-11-10 governs the claim approval process and is still in effect during this time of emergency. However, the State Board of Accounts will not take audit exception if the governing body uses the following procedures:

1. The governing body may designate one of its members to approve claims for payment in advance of board allowance. The board must allow those claims at its first meeting after the Public Health Emergency has ended.
2. For those units of government which have statutory authority to adopt an ordinance for the preapproved payment of claims, the board may provide written approval to the fiscal officer to pay certain claims during the Public Health Emergency. The board must allow those claims at its first meeting after the Emergency has ended.

This Directive will be rescinded upon Declaration by the Governor that the Public Health Emergency has ended.

Sincerely,  
  
Paul D. Joyce, CPA  
State Examiner

06



## Timely Deposit of Funds

- Document board's decision to limit frequency to two times per week
- Secure funds on days not deposited
- Document procedures



<https://www.cleanpng.com/png-piggy-bank-savings-account-money-piggy-bank-951055/download-png.html>



## **Designation of Board Member to approve Claims**

- Document in writing designation of governing body member
- Document in writing procedure to be used by the governing body member to indicate approval

## **Allowance of Claims**

- First meeting after the Public Health Emergency has ended

## Delayed School Start Date and Teacher Payments



- SBOA Memo July 27, 2020
- *Will not take exception to teacher pay on original pay dates pursuant to IC 20-28-9-15*
  - *If an instructional day is rescheduled and a teacher does not work that day – if paid, we will request repayment (unless a waiver is granted).*

The background features a large, faint watermark of the seal of the State Board of Accountancy. The seal is circular and contains the text "STATE BOARD OF ACCOUNTANTS" around the perimeter. In the center, it says "INDIAN" above a figure holding a torch, with "1890" below. The seal is surrounded by a ring of stars.

# Enhanced Regulatory Reporting

**Updates to School Annual Financial  
Report**

A solid green horizontal bar is located at the bottom of the slide.



- Purpose of changes:

- Be proactive
- To report similar to certain GAAP requirements
- Satisfy legislators and bond rating companies
- Legislation already passed requiring certain units to report financial statements in accordance with GAAP





- GAAP Reporting:

- More financial requirements for units
- More days to audit – additional audit costs to units



- Changes effective for the AFR due August 29, 2020



# What's New?

- Financial Data by Fund
  - Upload csv file of All fund numbers and names including funds in 8000 - 9999

# Annual Financial Report (AFR) Changes



- Debt
  - Beginning Balance, Additions, and Reductions are to be reported as well as Ending Balance



- Capital Assets
  - Beginning Balance, Additions, and Reductions are to be reported as well as Ending Balance



- **Interfund Transfers**
  - New question in the Unit Questions screen



- Pensions
  - Offer a separate pension plan outside of the Indiana Public Retirement System's plans



## Annual Financial Report (AFR) Changes



- Other Post-employment Benefits (OPEB)
  - New question in the Unit Questions screen

The background features a large, faint watermark of the Seal of the State Board of Accountants, Indiana. The seal is circular and contains the text "STATE BOARD OF ACCOUNTANTS" around the perimeter and "INDIANA" in the center. It also depicts a central figure holding a scale and a sword, surrounded by stars.

# SBOA Updates

Miscellaneous items to consider

## Federal Audit Costs



- On October 28th, 2019 a memorandum was sent to schools
- The Federal Single Audit cost will be increasing this year.
  - Time spent auditing the financial statements of the school will remain at the statutory daily rate of \$175 for taxing units.
  - The cost of our services as it relates to auditing your federal programs shall be charged at the \$95 per hour or \$712.50 per day. (IC 5-11-4-3)
- Audit costs are an allowable cost for many federal programs. To learn how to properly charge these audit costs to your federal programs, please contact your federal pass-through agency.



- **OMB Memo**

- Includes guidance on allowability of costs charged to federal programs, reduced SAM website requirements etc...

<https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-17.pdf>

# Best Practices

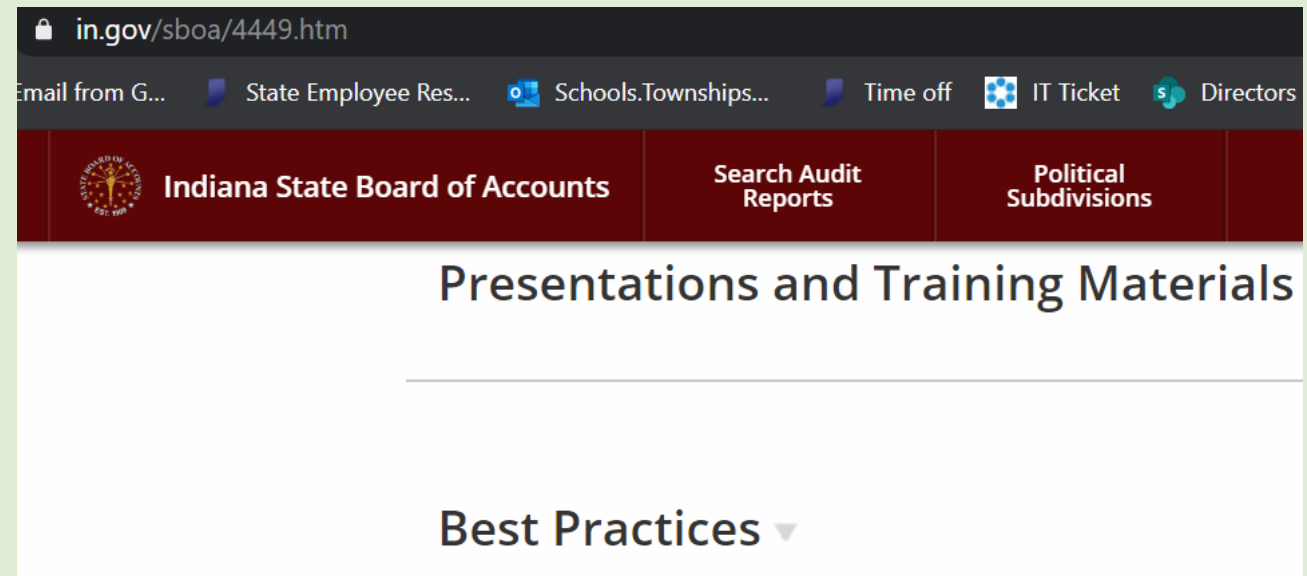


## • Recommendations for:

- *Annual Financial Report*
- *Bank Account Reconciliations*
- *Credit Card Purchases*
- *Disbursing Activities*
- *Overdrawn Cash/Investment Balances*
- *Payroll Activities*
- *Receipting Activities*
- *SEFA*
- *Prepaid Meals*

Schools Webpage - <https://www.in.gov/sboa/4449.htm>

Scroll down to “Best Practices”





# Federal Medicaid Reimbursements

- Individualized Education Programs (IEP)
  - **ALL** Federal Medicaid Reimbursements of medical services to students should be reported on the SEFA
  - ~~If the school provides the services with their staff the school is a vendor and the expenditures **would not have to be shown on the SEFA**~~
  - ~~If the School uses a contractor to provide the services, the expenditures **should appear on the SEFA**~~
- Medicaid Administrative Claiming (MAC)
  - For expenses incurred by the schools for assisting students in obtaining Medicaid coverage
  - Services for these reimbursements are required to be completed by the school staff
  - These payments are 100% Federal dollars and should **always be reported on the SEFA**

## Self-Insurance – Technology Equipment



- To use money from the Self-Insurance Fund under IC 20-40-12-5 there must be a payment of a settlement or claim.
- Repairs to technology equipment do not involve the payment of a settlement or claim as required by this statute.
- In our opinion the language in IC 20-40-12-5 and IC 20-26-5-4(a)(15) **does not allow for the self-insurance fund to be used to pay for repairs to technology equipment.**



## Debt Payments from Operations Fund



- We have recently received questions regarding the payment of debt from the Operations Fund.
- It is our opinion that Debt, *other than those expenses included in the capital project plan, cannot be paid from the Operations fund* under IC 20-40-18-5.

ECA Treasurer Training video



<https://www.youtube.com/watch?v=Stbyj0kwJyE>

## Student Engagement Policy (ADM)



- 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.

## Upcoming Events



- “How To Prepare for a Successful Virtual Audit”
- August 19<sup>th</sup> 10:30 a.m. ET
- Presenters:
  - Deputy State Examiner - Tammy White, CPA
  - Financial Engagements Director – Beth Kelley, CPA
  - Link below: **PASSWORD IS SBOA**  
<https://indianaenhanced.webex.com/indianaenhanced/onstage/g.php?MTID=ecbcde8c646499ffc9dd444d4de5ade05>

## Website Overview



<https://www.in.gov/sboa/4449.htm>

## Contact Information



**Chase Lenon, CPA**  
**Jonathan Wineinger**  
Directors of Audit Services



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**317-232-2512**

# Questions

