

INDIANA STATE BOARD of ACCOUNTS

Indiana League of Municipal Clerks and Treasurers

March 9, 2020

Muncie, Indiana

Reference Materials



***“I don’t need to know everything. I
just need to know where to find it
when I need it.”***

Albert Einstein

SBOA Website



www.in.gov/sboa

SBOA YouTube – Videos for Newly Elected Officials



Newly Elected Officials Training

1. [Overview and Introduction to SBOA](#)
 - [Handout](#)
2. [Getting Started in the Office](#)
 - [Handout](#)
3. [Public Official Bonds](#)
 - [Handout](#)
 - [Department of Insurance \(DOI\) Official Bond Schedule](#)
 - [DOI Individual Public Official Bond](#)
 - [DOI Public Official Name Schedule Bond](#)
 - [Indiana Code \(IC\) 5-4-1](#)
 - [Updated Bond Bulletin](#)
4. [Bank Reconcilements](#)
 - [Handout](#)
5. [Obtaining Gateway Access](#)
 - [Handout](#)
6. [Monthly Uploads in Gateway](#)
 - [Handout](#)

7. Annual Uploads in Gateway

- [Handout](#)
 - [Gateway User Guide](#)
8. [Uniform Compliance Guidelines](#)
 9. [Getting Started with Internal Controls](#)
 - [Handout](#)
 - [Internal Control Certification](#)
 - [IC 5-11-1-27](#)
 - [Uniform Internal Control Standards Manual](#)
 10. [City and Town Internal Controls](#)
 - [Handout](#)
 11. [Importance of Local Policies Part 1](#)
 12. [Importance of Local Policies Part 2](#)
 - [Handout](#)
 13. [What to Expect from an Audit](#)
 - [Handout](#)



SBOA YouTube – Other Videos

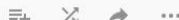
Presentations and Training Materials ▾

SBOA Youtube Channel








SBOA Training Videos

6 videos • 495 views • Last updated on Nov 21, 2019



State Board of Accounts

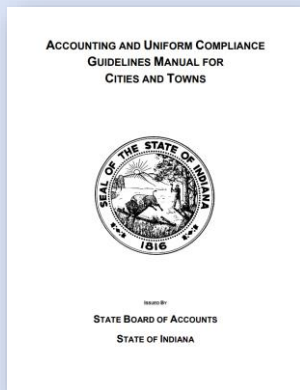
SUBSCRIBE

- 1  **SBOA Forms prior to Audit**
State Board of Accounts
- 2  **Highway Annual Operational Report Updates**
State Board of Accounts
- 3  **E-1 Reporting**
State Board of Accounts
- 4  **Internal Controls Webinar**
State Board of Accounts
- 5  **Capital Asset Training**
State Board of Accounts



SBOA – Cities and Towns Manual

Accounting & Uniform Compliance Guidelines Manual for Cities and Towns



Chapter 1 – Form Approval, General Information, Local Policies, Deposits and Investments

Chapter 2 - Definitions, Accounting Principles, Fund Accounting, Appropriation Requirements, Transfers of Appropriations, Special Circumstances such as refunds, insurance recoveries, reimbursement grants, etc.

Chapter 3 – The Accounting Plan, including the Chart of Accounts

Chapter 4 – Fund Sources and Uses

Chapter 5 - City and Town Court Funds

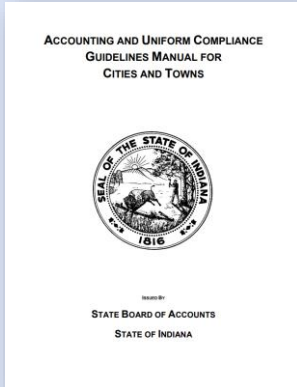
Chapter 6 – Forms

Chapter 7 – Calendar of Monthly Duties (& other info)

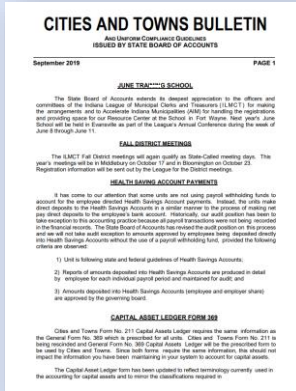


SBOA – Other Manuals

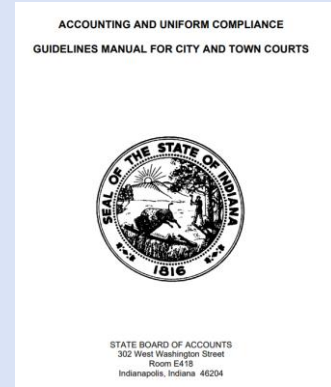
Accounting & Uniform Compliance Guidelines Manual for Cities and Towns



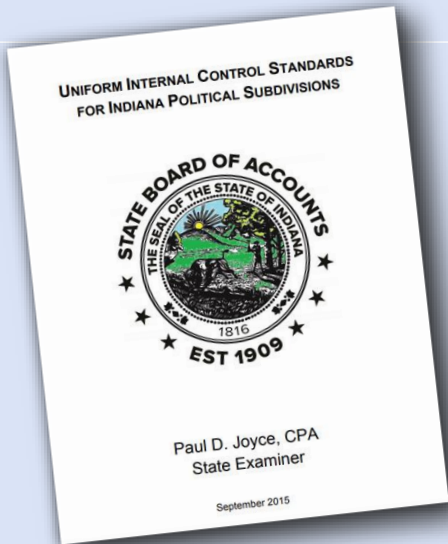
Cities & Towns Bulletin and Uniform Compliance Guidelines



Accounting & Uniform Compliance Guidelines for City and Town Courts



Internal Controls – IC 5-11-1-27



SECTION ONE

Minimum Level of Internal Control Standards

- Five Components
- Seventeen Principles


SECTION TWO

Approved Training Materials

- Video Presentation
- Examples
- Case Studies

Internal Control Training



- www.in.gov/sboa
- Navigate to 'cities' or 'towns'
- Scroll down to **Internal Control Standards** ▼
- Then **Training**
- Find this 



State Examiner Directives



- Eight State Examiner Directives apply to Cities and Towns
- Examples:
 - Accounting for MVH Fund
 - Monthly and Annual Engagement Uploads
 - Moving Traffic Violations
 - Materiality Threshold for reporting irregular variances, losses, shortages, and thefts
 - GAAP Annual Financial Reports
- *Located on the Cities or Towns page: www.in.gov/sboa*



Key Contacts

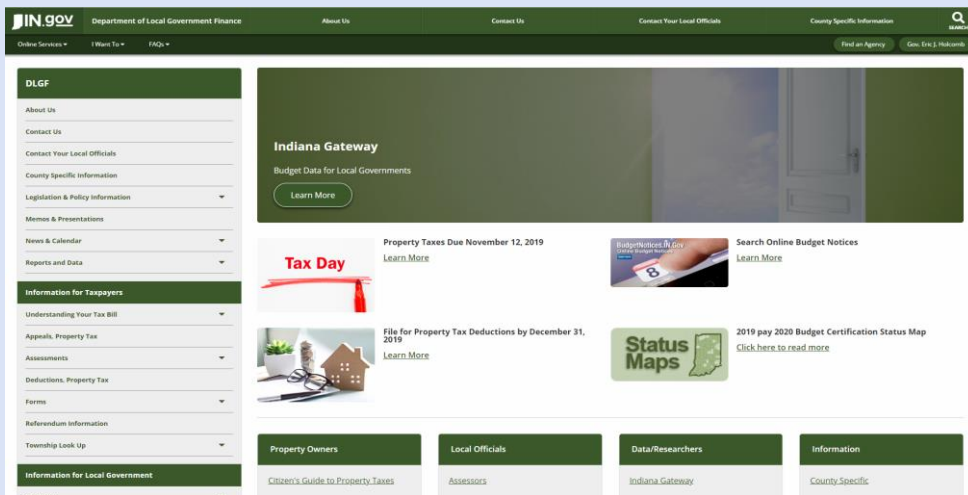
Contacts – Indiana Auditor of State www.in.gov/auditor 317-232-3300



The screenshot displays the website interface for the Indiana Auditor of State. At the top, there is a dark green navigation bar with the 'IN.GOV' logo and several menu items: Auditor Home, Accounting and Reporting, Accounts Payable, Internal Controls, Local Government, and Payroll. A search icon and the name 'Auditor: Tera Klutz' are also present. Below the navigation bar is a large banner area featuring a photo of Auditor Tera Klutz on the left and a 'Connect With the Auditor of State' section on the right. The 'Connect' section includes a welcome message and a 'Learn More' button. Below the banner are five green informational cards, each with a title, a brief description, and a 'Learn More' button:

- ABOUT THE AUDITOR:** Meet Auditor Tera Klutz, CPA and learn about the duties of the Indiana State Auditor.
- INDIANA TRANSPARENCY PORTAL:** The Indiana Transparency portal is an online solution designed to bring you better visibility, openness and accountability to state government.
- HOOSIER S.T.A.R.T.:** Hoosier S.T.A.R.T. is the 457(b) Deferred Compensation plan for state employees and eligible local government employees.
- STATE BOARD OF FINANCE:** View members and meeting information.
- FORMS:** Find Accounts Payable, Payroll, and Local Government forms used by the Auditor of State.

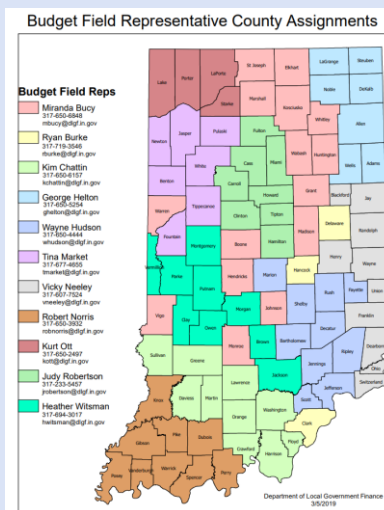
Contacts – Department of Local Government Finance www.in.gov/dlgef



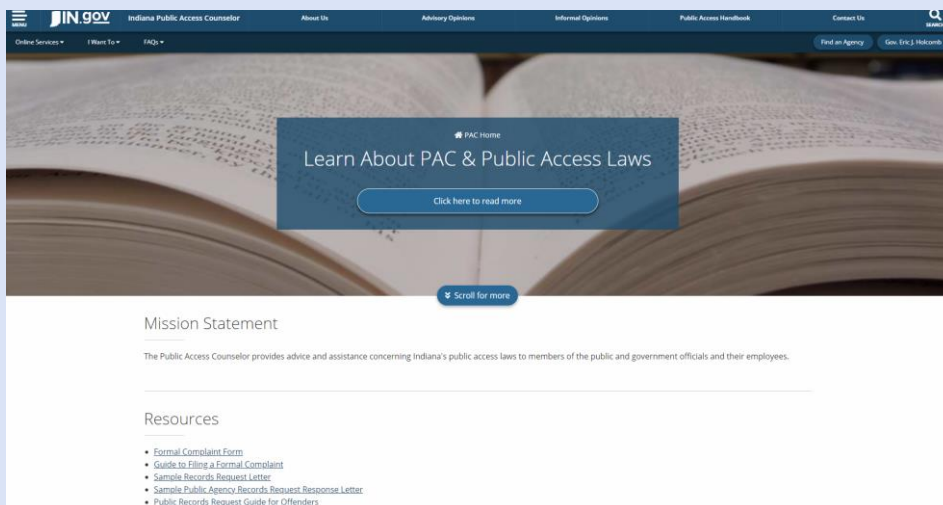
Contacts – Department of Local Government Finance www.in.gov/dlgef



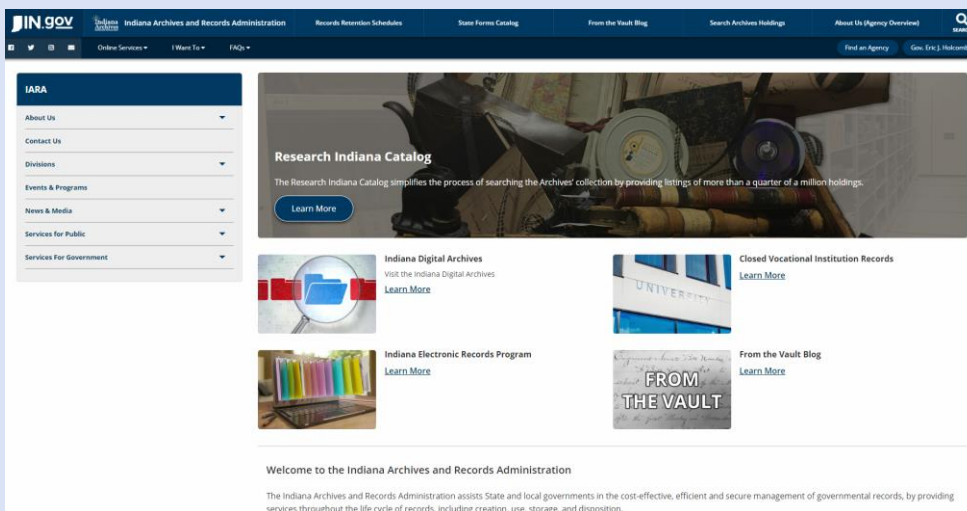
www.in.gov/dlgef/files/Budget_Field_Reps.pdf



Contacts – Public Access Counselor www.in.gov/pac 800-228-6013



Contacts – Indiana Archives & Records Administration www.in.gov/iara 317-233-1713



Current contact:

Beverly Stiers
317-232-3661
bstiers@iara.in.gov

Contacts – Indiana Department of Labor www.in.gov/dol



Wage & Hour Division
317-232-2655

Or

U.S. Department of Labor
www.dol.gov

Indy office
317-226-6801

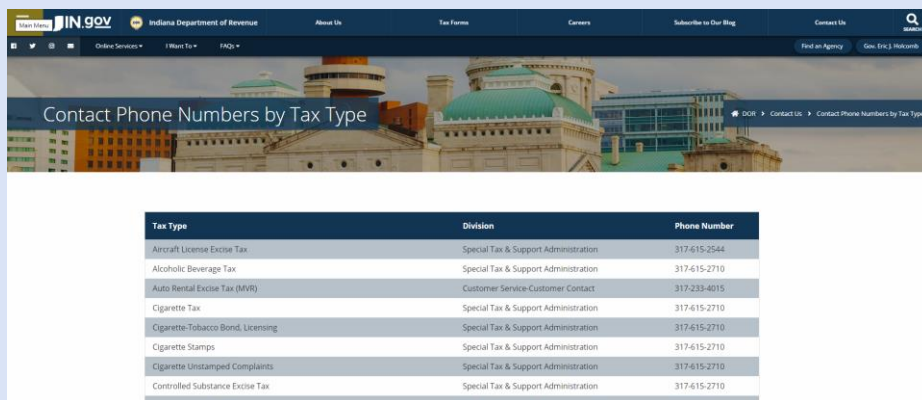


Contacts – Indiana Department of Revenue www.in.gov/dor



Sales tax:
317-232-4015

www.in.gov/dor/3473.htm



Key Contacts - SBOA



Todd Caldwell / Susan Gordon

Directors of Audit Services

cities.towns@sboa.in.gov

317-232-2513



gateway@sboa.in.gov

Indiana State Board of Accounts
302 W. Washington St., Rm E418
Indianapolis, IN 46204

Official Duties



***Official Duties
of the
City Clerk,
Clerk Treasurer, and Controller***

City Clerk & City/Town Fiscal Officer Duties

**IC 36-4-10-4**

City Clerk: 2nd class Cities

IC 36-4-10-4.5

Clerk-Treasurers: 3rd class Cities

IC 36-4-10-5

Controllers: 2nd class Cities

IC 36-5-6-6

Clerk-Treasurers: Towns

City/Town Fiscal Officer Duties



As a city clerk in a 2nd class city, duties include:

- ✓ Serve as clerk of the legislative body
- ✓ Maintain all records required by law
- ✓ Keep the city seal
- ✓ Administer oaths when necessary, without charging a fee
- ✓ Take depositions, without charging a fee
- ✓ Take acknowledgements of instruments without charging a fee
- ✓ Serve as clerk of city court (if judge doesn't & doesn't appoint one)

City/Town Fiscal Officer Duties



As a city or town fiscal officer, duties include:

- ✓ Receive and care for all city/town money
- ✓ Keep accounts showing receipts and disbursements
- ✓ Prescribe payroll and account forms for all offices
- ✓ Prescribe the manner in which creditors, officers, and employees are paid
- ✓ Prepare budget estimates

City/Town Fiscal Officer Duties



Fiscal officer duties continued:

- ✓ Issue licenses and collect fees fixed by statute or ordinance
- ✓ Serve as clerk of the legislative body (council) by attending meetings & recording its proceedings
- ✓ Serve as clerk of city/town court if
 - *Judge does not serve or*
 - *A court clerk is not appointed by the judge*
- ✓ Perform all other duties prescribed by statute

What to Expect and How to Prepare for an Audit

Todd Caldwell
Susan Gordon

Directors of Audit Services
Indiana State Board of Accounts



SBOA – An Overview



STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AUDIT REPORT
OF
TOWN OF BROWNSBURG
HENDRICKS COUNTY, INDIANA
January 1, 2018 to December 31, 2018



FILED
08/12/2019

What is the State Board of Accounts?

- Audits the records & accounts of all state and local governmental units
- Prepares reports indicating the financial condition of these units & noting any noncompliance with laws.
- Prescribed uniform system of accounting

SBOA – 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.”

SBOA Organization



Goals of the Engagement

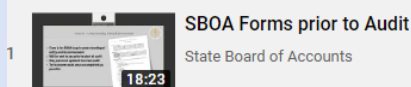


- **Financial Statement Opinion**
 - Unmodified, or “clean” opinion, lets readers know the information is materially correct
 - Modified opinion lets readers know there are issues that need to be taken into consideration when it comes to the information presented
- **Audit Findings - Inform the reader of Noncompliance**
 - Federal: Section II (Financial Statement Compliance); Section III (Major Program Compliance)
 - State: Audit Results and Comments (substantial and impactful to the unit/public)
- **Management Letter**
 - Noncompliance with State Statute or Uniform Compliance Guidelines (significant, but less than substantial and impactful to the unit/public)

Initial Contact



- **Initial contact from Field Examiner**
- **Forms to complete**
 - Form 7 – Understanding the Design and Implementation of Internal Controls
 - Form 9 – Understanding the Entity and Its Environment
 - Form 45 – Understanding of Controls of Significant Audit Areas
 - Form 13 – Management Oversight of Non Audit Services



SBOA – Work Location

**On-site**

- conducted at city/town offices

Off-site

- conducted at another location
- "Box audit"

Centralized Remote

- Audits conducted at a centralized location
- Records electronically transmitted to SBOA through Gateway

Entrance Conference

**Who is invited?**

Those charged with governance – Council President
 Management – Fiscal Officer: Clerk-Treasurer or Controller

Entrance Conference



What is discussed?

- Introduction to the Field Examiners working on the audit
- General overview of:
 - ✓ *Audit Objectives*
 - ✓ *Management Responsibilities*
 - ✓ *Audit Procedures (general, internal control, compliance)*
 - ✓ *Informing Management of general records that will be requested*
 - ✓ *Start date & expected issuance date*
- Established Method for Continued Communication
- Answers to any Questions Asked

Records Needed



- Financial Ledger
- Bank Statements and Reconcilements
- Claims / Receipts / Supporting Documentation
- Minutes of Meetings (include to current date)
- Ordinances / Resolutions
- Contracts
- Policies and Procedures – ***including Internal Controls***
- Financial Reports – filed with State and/or Federal Government
- Grant Documents
 - Federal
 - Grant Applications and Agreements are key
- Other

Single Audit of Federal Programs



- Schedule of Expenditures of Federal Awards (SEFA)
- Generated from Gateway Grant Schedule
- Expenditures Greater than \$750,000
- Selection of Major Programs
- Audit of Major Programs

Pass-Through Entity or Direct Grant	Federal OFGA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Indiana Department of Transportation	20 205	07-03219	\$	180,810
Indiana Department of Transportation		1402684		135,904
Indiana Department of Transportation		9122843		271,435
				788,205
City of Fort Wayne	20 601	03-15-10200		4,637
City of Fort Wayne				7,275
City of Fort Wayne	20 616	03-15-10138		11,778
				805,978
				\$ 855,978

Field Work

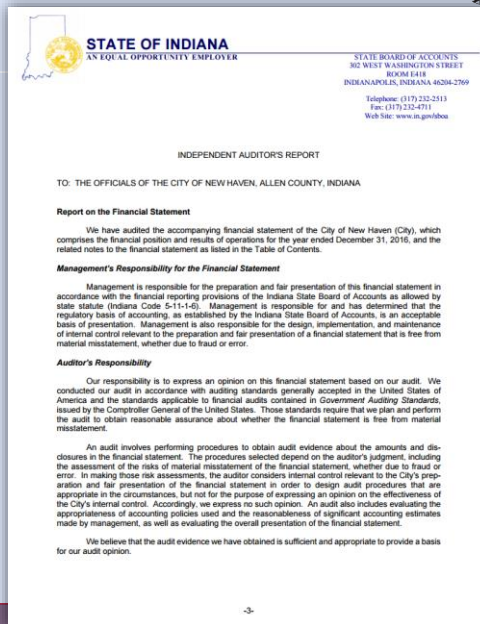


- Importance of Internal Control Procedures
- Financial Statements
- Notes to the Financial Statements
- Compliance

Concluding Field Work



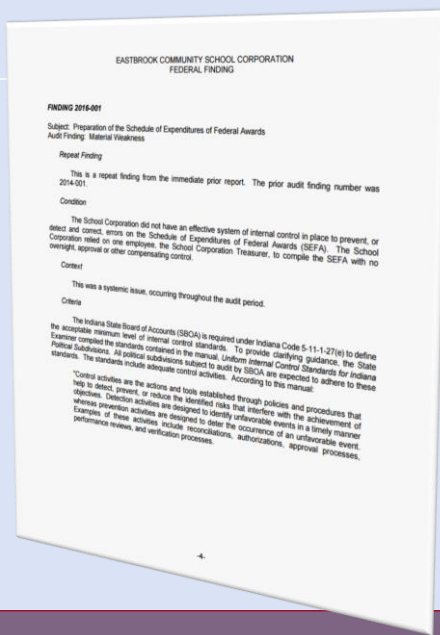
Determine Opinions



Concluding Field Work



Compile Comments



Concluding Field Work - Report Contents



- Cover Page
- Schedule of Officials
- Independent Auditor's Report
- Financial Statement & Accompanying Notes
- Other Information - Unaudited
- Other Reports

Concluding Field Work



Compile Management Letter

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM 218
INDIANAPOLIS, INDIANA 46204-2169

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.sba.gov/bsa

MANAGEMENT LETTER COMMUNICATING NONCOMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF CALDWELL, GORDON COUNTY, INDIANA

The Indiana State Board of Accounts is providing this letter to communicate certain matters noted during our exam related to noncompliance with applicable laws and/or uniform compliance guidelines established by the Indiana State Board of Accounts. Our exam covered the period January 01, 2015 to December 31, 2016.

The matters noted below describe identified instances of noncompliance found during our exam that did not, in our opinion, warrant comment in your official report at this time, but are being communicated for your information. Please be advised that we will review the status of these items during our next engagement. Continued noncompliance could result in the matters noted being reportable in your next report.

ANNUAL FINANCIAL REPORT

The Annual Financial Report for the town was submitted on March 9, 2017, which was eight days past the due date.

Indiana Code 5-11-14(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.6.7."

This communication is intended solely for the information and use of management, governance, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Paul D. Joyce, CPA
State Examiner

October 19, 2017

Exit Conference



Exit Conference

- Who is invited
- What is discussed
- Options to respond

Audit Report Issuance



Who gets a copy of reports?

- ✓ Official(s) examined
- ✓ President of governing bodies
- ✓ Other Requested Officials

Audit Reports Posted to Website:

<https://secure.in.gov/apps/sboa/audit-reports/#/>

Audit Report Filings

The index of Audit Reports issued by the Indiana State Board of Accounts is updated each day with reports released the previous day. If you wish to receive a copy of an audit report that is not available for download, please contact our office at (317) 232-2513. The cost of copies of audit reports is ten (10) cents per page. To speed up the process, have the report file date and number available when calling. These items can be obtained from the results of this search.

SEARCH ID: AUDIT YEAR: TO: COUNTY: UNIT TITLE:

What are you looking for?

Filters

4833 records found. SEARCH CLEAR

Report No. ▾	Unit Name ▾	Unit Type ▾	County ▾	Begin Date ▾	End Date ▾	Audit Type ▾	Report Description ▾	Report Date ▾
88204	INDIANAPOLIS POLICE DEPARTMENT	Police	Grant	01-01-2017	01-31-2017	FINANCIAL	INDIANAPOLIS POLICE	01-31-2017

Contact with SBOA Before and After Audit



- In-person training sessions
- Individual questions via phone or email
- Webex Meetings
- YouTube Videos
- Manuals
- Quarterly Bulletins
- Emails through SBOA Communications

Take Aways



- Review prior audit report and take care of any audit findings
- Gather records for audit, including any explanations for unusual items
- Make sure monthly and annual uploads are up to date
- Come to our Training Sessions
- Keep in Touch
 - Call or Email us
 - Get on the mailing list by contacting communications@sboa.in.gov.



Other Items

Other Items – Conflict of Interest IC 35-44.1-1-4



- “A public servant who knowingly or intentionally has a pecuniary interest in or derives a profit from a contract or purchase connected with an action by the governmental entity served commits a conflict of interest...”
- Statutory provisions for when a disclosure should be filed and the type of information required in the disclosure.
- SBOA is the repository for disclosure statements
 - ➡ file through the Gateway SBOA application

Seek the advice of an attorney for a determination on whether disclosure is needed or whether information disclosed is sufficient

Other Items – Nepotism Policy
IC 36-1-20.2



- “Individuals who are relatives may not be employed by a unit in a position that results in one (1) relative being in the direct line of supervision of the other relative.” (underlining added)
- Nepotism Policy must be adopted by Council
- policy must include the requirements set out in IC 36-1-20.2
- policy may contain more stringent standards
- Uploaded with the 100R – SBOA application in Gateway

Other Items – Contracting With a Unit Policy
IC 36-1-21



“A unit may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with: (1) an individual who is a relative of an elected official; or (2) a business entity that is wholly or partially owned by a relative of an elected official; only if the requirements of this section are satisfied and the elected official does not violate IC 35-44.1-1-4.” (underlining added)

- Disclosure Requirements – IC 36-1-21-5
- Annual Certification – IC 36-1-21-6

“Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.”

- Uploaded with the 100R – SBOA application in Gateway



Reporting Losses, Variances, and Thefts

IC 5-11-1-27(j)

“All erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the state board of accounts.”

State Examiner 2015-6

“Political subdivisions must recognize that variances, losses, shortages, and thefts may occur. If an incident occurs, it is imperative that the political subdivision have a policy in place that outlines the steps to be taken. Such a policy must include a materiality threshold at which point the political subdivision reports incidents to the State Board of Accounts.”



Reporting of Misappropriation

- IC 5-11-1-27(l)
- Misappropriation of public funds (loss or theft by public official) is to immediately be reported in writing to:
 - ✓ SBOA
 - ✓ County Prosecuting Attorney
- No materiality threshold for misappropriation of public funds

Introduction – SBOA Contact Information



Todd Caldwell

Director of Audit Services

Susan Gordon, CPA

Director of Audit Services

cities.towns@sboa.in.gov

317-232-2513