

# Indiana Township Association Education Conference

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## CONTACT INFORMATION

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## TRAINING VIDEOS



## *SBOA YouTube Channel*

- [https://www.youtube.com/watch?v=ShYB6VfzvWY&list=PLQEiiW5bsE\\_rWath2jl4ep66WZ773xtJ2&index=5](https://www.youtube.com/watch?v=ShYB6VfzvWY&list=PLQEiiW5bsE_rWath2jl4ep66WZ773xtJ2&index=5)

## Virtual Meeting Platforms



- Microsoft Teams

- <https://www.microsoft.com/en-us/microsoft-365/microsoft-teams/group-chat-software>

- Cisco WebEx

- <https://www.webex.com/>

# The New Normal: Surviving a Virtual Audit



## When Can I Expect an Audit?



- IC 5-11-1-9 “The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every audited entity”
- IC 5-11-1-25 “...the state board of accounts shall conduct examinations of audited entities at the times determined by the state board of accounts, but **not less than once every four (4) years, using risk based examination criteria...**”

## What Type of Examination Will I Get?



- **Examination** – used in Indiana Code, but could be various types of “examinations”.
  - Audit – receive an Independent Auditor’s Opinion.
    - Federal, bond debt, SRF loan, upcoming bond issue, or applying for a SRF loan
  - Review – receive an Independent Accountant’s Conclusion.
    - Everyone else.
  - Compliance – No opinion or conclusion, just noncompliance that has been identified by SBOA.
    - Only if we can’t complete the review engagement.
- Link to our Peer Review report - <https://www.in.gov/sboa/4437.htm>

## What is a Virtual Audit?



- What does this mean?
  - 85-90% of the work will be done off-site.
- Why now?
  - The show must go on.
  - We have been working towards this for several years.
- What can be done ahead of time to make it easier.
  - Be on the look out for emails from our office.
  - **Monthly and Annual uploads.**
  - Virtual meetings.
  - Communication.



## Tips



- Email is not for conversation! – pick up the phone and call or request a virtual meeting
- Make sure you have uploaded **legible** documents in Gateway.
- Respond to your auditor’s requests.
- We are using the Gateway Direct Request to obtain your documents – Do not send via email!
- Communicate:
  - What your current office hours are, are there any restrictions to entering your building.
  - Be honest with your SBOA Auditor. If you don’t understand what they are asking for, then ask for clarification.
  - When you receive a request for documents, acknowledge the request and give an idea of when you may be able to fulfill the request.
  - **Be open to using technology.**
  - If you have suggestions on how this process can be improved, please share!

Tips: Continued



- Quickly return any forms sent by examiner:
  - **Form 7** - Understanding of Internal Controls
  - **Form 9** – Understanding the Entity and It's Environment

## Tips: Continued



- Before an audit starts, have 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. **Check that employee pay was correct**.
    - Withholding filings (W-2/941/WH3), form 17, and entries in the ledger to paychecks and contracts.
  5. Verify **policies** are updated.
  6. Come with a list of questions!



# Stimulus Grants and CARES Funds

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



- [Policy Regarding Coronavirus 3-12-2020](#)
- [Coronavirus Items to Consider 3-16-2020](#)
- [Assistance During COVID-19 3-31-20](#)
- [Continuity of Essential Operations 4-03-20](#)
- [Temporary Transfer of Funds 4-09-20](#)
- [Electronic Signatures 04-14-20](#)
- [CARES Act Fund Numbers 4-20-20](#)
- [Coronavirus Relief Fund Guidance 4-23-20](#)
  - [Coronavirus Relief Fund FAQs 7-8-20](#)
- [COVID Grant Accounting and Appropriations 4-29-20](#)
- [Financial Reporting and Reimbursement for CARES Funds 8-27-20](#)

## CARES Act Funds



- **SEFA Reporting:**

- Name: Coronavirus Relief Fund
- CFDA #: 21.019
- Fund #: not defined

- Permissible Uses: *Necessary expenditures due to the public health emergency*

## CARES - Allowable Expenses



- Medical Expenses due to COVID-19
  - Hospitals, clinics, other health facilities.
- Public Health Expenses
  - Enforcement of health orders, medical equipment, disinfection, mitigating health threats
- Payroll Expenses for personnel responding to COVID-19
- Expenses to facilitate compliance with COVID-19 health measures
  - Food delivery, distance learning, teleworking, leave time, social distancing, homeless
- Expenses associated with economic support in response to COVID-19
  - Grants to businesses, unemployment insurance costs
- Other COVID-19 expenses

## CARES – Non-Allowable Expenses



- Expenses for the State share of Medicaid.
- Damages covered by insurance.
- Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- Expenses that have been or will be reimbursed under any federal program
- Reimbursement to donors for donated items or services.
- Workforce bonuses other than hazard pay or overtime.
- Severance pay.
- Legal settlements.



Read the Grant Agreement!



- Grantor – Indiana Finance Authority (IFA)
- Seeking reimbursement?
  - Coordinate with your County
- Costs not accounted for in budget approved as of March 27, 2020.
- Costs incurred during March 1, 2020 to December 30, 2020

## CARES Appropriations



- IC 10-14-3-17(j)(5)
  - “...a political subdivision may waive procedures and formalities otherwise required by law pertaining to the appropriation and expenditure of public funds where a national disaster or security emergency has been declared...”
- Reimbursements must be claimed on a timely basis.

## Overdrawn Funds



- SBOA Will not take audit exception to the expense being paid directly out of a COVID grant fund **without appropriation or additional appropriation prior to spending the money in the COVID grant fund.**
- Chapter 1 Township Manual - The cash balance of any fund may not be reduced below zero

## Accounting for COVID Grants



- CARES Transactions (including reimbursements to other units)
  - **MUST** be accounted for in a separate fund.
- Supporting Documentation must be kept.

## What if I Used Another Fund for CARES expenditures?



- Example: If a COVID-related disbursement for “supplies” from the Township fund was an allowable cost under a COVID grant received after the disbursement was made, the following procedures should be used:
  - 1. The disbursement from the Township fund should be corrected by reversing the allowable disbursement within the category of supplies. This posting correction will reinstate the fund balance and re-appropriate the general fund in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This posting correction should be done in the same budget year that the original transaction was posted.
  - 2. Once the disbursement is corrected and reversed within the general fund, it should be posted as a disbursement in the appropriate COVID grant fund. Documentation must be maintained for this correction so the audit trail can be followed. The accounting system must tie the original claim for the general fund disbursement to the COVID grant fund by specific reference or notation in a comment section.

## COVID FAQ?



- <https://www.in.gov/sboa/files/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>



# Frequently Asked Questions

## STATE MILEAGE REIMBURSEMENT RATE



- IC 36-6-8-3(b) states: “The township executive is entitled a sum for mileage in the performance of official duties equal to the sum per mile paid to state officers and employees.”
- **DOES NOT APPLY WHEN TOWNSHIP EXECUTIVE USES A TOWNSHIP VEHICLE IN THE PERFORMANCE OF OFFICIAL DUTIES!!**
- Effective March 1, 2020 mileage reimbursement rate increased to \$.39 and state lodging rate to \$96/night with additional increases to certain areas
- Always available online IDOA website
  - <https://www.in.gov/idoa/2459.htm>



## DONATIONS



- Public funds **CANNOT** be donated or given to other organizations or individuals unless specifically authorized by law.

## USE OF FUNDS APPROPRIATED FOR COMMUNITY SERVICES



- IC 36-6-4-8(a) allows the township trustee to use the township's share of state, county, and township tax revenues for all categories of community services, if these funds are appropriated for these services by the township board
- The trustee may use the funds for both operating and capital expenditures
- IC 36-6-4-8(b) states with the consent of the township board, the township may contract with corporations for health and community services **not specifically provided by another governmental entity**

## DISPOSAL OF PERSONAL PROPERTY



- IC 5-22-22
  - IC 5-22-22-4 – Use of Auctioneer
    - 1 item with estimated value of \$1,000 or more; or
    - More than 1 item with estimated value > \$5,000
    - May engage an auctioneer licensed under IC 25-6.1 to advertise the sale and conduct a public auction

## DISPOSAL OF PERSONAL PROPERTY



- IC 5-22-22-4.5 – Internet Sales
  - May sell surplus property using an Internet auction site:
    - Site approved by the Office of Technology
    - Site is linked to the electronic gateway administered under IC 4-13.1-2-2(a)5
    - Posting of the sale on the Internet auction must include a detailed description of the surplus property

## DISPOSAL OF PERSONAL PROPERTY

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- IC 5-22-22-5 Public Sale or sealed bids
  - Advertisement of sale shall be made in accordance with IC 5-3-1
  - All sales shall be made to the highest responsible bidder

## DISPOSAL OF PERSONAL PROPERTY



- IC 5-22-22-6
  - 1 item with an estimated value of < \$1,000; or
  - more than 1 item with an estimated value of < \$5,000
  - May sell the property at a public or private sale without advertising

## DISPOSAL OF PROPERTY



- IC 5-22-22-8
- Worthless - may be demolished or junked
- Value of property is  $<$  the estimated costs of the sale and transportation of the property

## PROCEEDS OF SALE OF PROPERTY

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- Proceeds generated by the sale or rental of property **MUST** be receipted into the fund which originally purchased the property.



## AUDIT COSTS - RECORDED



### • IC 5-11-4-3(b)

- Upon receipt of certified statement, the county auditor shall issue a warrant on the county treasurer payable to the treasurer of state out of the County General Fund
- The County auditor shall reimburse the county general fund out of the money due that taxing using at the next semiannual settlement of the collection of taxes.
- To properly account for the township's audit costs the full amount of property and excise taxes (before audit costs) are to be receipted to the appropriate township funds. A disbursement for the examination of records is to be posted to township funds

## AUDIT COSTS - RECORDED



- The Statement of Engagement Costs should be compared to the amount withheld for the Examination of Records to ensure the amounts agree
- IC 5-11-4-4 authorizes payments under this chapter without appropriation.
  - Examination of records costs would be considered and unappropriated disbursement

## TRUSTEE COMPENSATION



- IC 36-6-4-17 (b)
  - A trustee is entitled to receive:
    - Salary
    - Reimbursement for expenses reasonably incurred for:
      - Operation of the office
      - Travel and meals while attending seminars or conferences on township matters
    - A sum for mileage as permitted under IC 36-6-8-3(b)

## TRUSTEE COMPENSATION



- Other things to remember:
  - Salary cannot be paid in advance
  - Salary cannot exceed the Salary Resolution adopted by the board (Form 17)
  - Salary for all employees (including board members) are required to have taxes withheld and a W-2s issued

TOWNSHIP TELEPHONE, CELLULAR, AND  
INTERNET EXPENSES



- Prior Position – 50% reimbursable
- Effective October 5, 2017
- Local policy adopted

## RENTING AN OFFICE



- Board must determine in writing what amount of rent expenses are considered reasonable (Policy)
- **Only the trustee can receive rent.**
  - Not any other employees, even if living in same residence!
- Indiana Code 36-6-8-3(a) states... "The annual appropriations to a township executive for the expenses of renting an office and telephone and telegraph expenses must, as nearly as is possible, be equal to the actual cost of those items. If the township executive uses a part of the executive's residence for an office, the township legislative body shall appropriate a reasonable sum for that office space."

## NEPOTISM



- Cannot have relatives as employees in **direct line of supervision** IC 36-1-20.2-10
- Nepotism exception for townships IC 36-1-20.2-15
  - If the **office is in your home**, you can hire a family member, but they **cannot receive more than \$5,000 in compensation** for the year.
- Grandfathered in if:
  - Maintained continuous employment.
  - Employed before Nepotism law took effect July 1, 2012.

## CREDIT CARDS



1. The **governing board must authorize** credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and **use should be handled by an official or employee designated** by the board.
3. The **purposes** for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, **the card should be returned** to the custody of the responsible person.



## CREDIT CARDS



5. Should **maintain an accounting system or log** which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards should **not be used to bypass the accounting system**. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. **Payment should not be made on the basis of a statement or a credit card slip only**. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, **an annual fee may be paid**.

## ADVANCE PAYMENTS



- *Compensation and any other payments for goods and services must not be paid in advance of receipts of the goods or services unless specifically authorized by law. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)*
- Cannot pay for goods/services in advance!
- Exception if normal industry practice /w controls implemented

## RAINY DAY FUNDS (RDF)



- **Cannot** be transferred to RDF:
  - Township Assistance
  - Fire Protection Territory funds
  - Cemetery funds Conveyed under IC 23-14-64-3
- **Can** be transferred to RDF:
  - Township/General
  - Fire and Fire Cumulative
  - Local funds w/o restrictions
  - Park and Recreation\*
- Transfers limited to 10% of total budget IC 36-1-8-5.1

## FORMS



- SBOA Does not provide forms directly
  - Available for purchase from Public Printer (such as Boyce Forms)
- Chapter 3 Township Manual
  - Includes: Ledger (Township Form 1-C), Form 17 (Salary Resolution), Mileage Claim, Checks, Receipts, Purchase Order, Employee Earnings Record, Township Assistance Applications, Receipt Register, Capital Asset Ledger, Contractor Bid Forms, Etc.
- Appendix: [https://www.in.gov/sboa/files/twp2010\\_a01.pdf](https://www.in.gov/sboa/files/twp2010_a01.pdf)

## PRESCRIBED FORMS



- Exact Replica or create your own.
- Create your own?
  - Form approval process:  
[https://www.in.gov/sboa/files/tsb2014\\_304.pdf](https://www.in.gov/sboa/files/tsb2014_304.pdf)

## CAPITAL PROJECT PLAN



- **DLGF** Memo
- MUST Adopt Capital Project plan IF:
  - **Capital Improvement Funds** exceed
    - 1. 150% Annual Budget, and
    - 2. \$200,000
  - **Capital Improvement Funds** include: Township, Fire, Cumulative Fire/Building/Equipment, Park, etc....

SBOA Website



<https://www.in.gov/sboa/4445.htm>



# Questions?