

THE STATE AGENCY BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES
ISSUED BY STATE BOARD OF ACCOUNTS

July 2022

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INTRODUCTION

Welcome to the first edition of the State Agency Bulletin issued by the State Board of Accounts! We hope you will find this information useful as you work to account for the public funds entrusted to your agency. This publication will be issued quarterly.

STATE AGENCY ADVISORY SERVICE

The State Board of Accounts (SBOA) has created a new advisory service for state agencies to provide guidance from a State Board of Accounts perspective on accounting and compliance guideline requirements, best practices on internal controls, advice on the resolution of audit issues and more. We are here to serve you. Please contact us with any questions you may have.

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STATE FINANCIAL SUMMIT

On July 14, the first State Financial Summit was held at the Indiana Government Center with presentations from the Auditor of State, Office of Management and Budget, State Budget Agency, and State Board of Accounts. The recording is posted to the State Board of Accounts website on the State Agencies page under Presentations and Training Materials.

UPCOMING TRAINING OPPORTUNITIES

SBOA will be offering the following training sessions (date and time to be determined):

Reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA)

Period of Performance

Please watch your inbox for more information!

FFATA REPORTING

The Federal Funding Accountability and Transparency Act (FFATA) requires the Office of Management and Budget (OMB) to maintain a single, searchable website that contains information on all Federal spending awards. That site is www.USAspending.gov.

The Code of Federal Regulations, 2 CFR Part 170, provides guidance to federal awarding agencies on the information to be reported. A federal awarding agency must include reporting requirements in each federal award to a recipient under which the total funding is anticipated to equal or exceed \$30,000 in federal funding; the reporting requirements are in 2 CFR Part 170 Appendix A – Award Term.

FFATA prescribes specific pieces of information to be reported:

1. The following data about sub-awards

- a. Name of entity receiving award
- b. Amount of award
- c. Funding agency
- d. NAICS code for contracts / CFDA program number for grants
- e. Program source
- f. Award title descriptive of the purpose of the funding action
- g. Location of the entity (including congressional district)
- h. Place of performance (including congressional district)
- i. Unique identifier of the entity and its parent; and
- j. Total compensation and names of top five executives (same thresholds as for primes)

2. The Total Compensation and Names of the top five executives if:

- a. More than 80% of annual gross revenues from the Federal government, and those revenues are greater than \$25M annually and
- b. Compensation information is not already available through reporting to the SEC.

Please be sure to check your award for the FFATA reporting requirement and file those reports through fsrs.gov.

COMPLIANCE SUPPLEMENT

The Code of Federal Regulations, 2 CFR Part 200 Subpart F, sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. Appendix XI is the Compliance Supplement for audits of fiscal years beginning after June 30, 2021. Auditors must consider the Supplement and the referenced laws, regulations, and OMB Circulars/Uniform Guidance in determining the compliance requirements subject to the audit that could have both a direct and material effect on the programs included. For the programs included, the Supplement provides a source of information for auditors to understand the federal program's objectives, procedures, and compliance requirements subject to the audit as well as audit objectives and suggested audit procedures for determining compliance with these requirements. The Compliance Supplement is updated annually.

If you would like to review specific audit requirements related to your grants, you can view the Compliance Supplement at <https://www.whitehouse.gov/wp-content/uploads/2022/05/2022-Compliance-Supplement-PDF-Rev-05.11.22.pdf>

CAPITAL ASSETS – GENERAL INFORMATION

Each agency must account for and report capital assets in accordance with the State of Indiana Policies and State Board of Accounts (SBOA) uniform compliance guidelines.

The State of Indiana Capital Asset Policy is located on the Auditor of State website: <https://www.in.gov/auditor/files/Capital-Asset-Policy-July-2009-Final.pdf>

Accounting for capital assets is covered in Chapter 8 of the SBOA State Agency Accounting and Uniform Compliance Guidelines Manual: <https://www.in.gov/sboa/files/CH08-Capital-Asset-Accounting.pdf>

Internal Control considerations related to the purchase, safeguarding, and disposal of capital assets are covered in Chapter 2 of the SBOA State Agency Accounting and Uniform Compliance Guidelines Manual: <https://www.in.gov/sboa/files/CH02-Internal-Control.pdf>

CAPITAL ASSETS – SOFTWARE

State Agencies often design and develop software programs for use in their day-to-day operations to meet the needs of employees, customers, or other end-users. Once the development of the software program is completed and ready for use, the costs associated with the development should be aggregated and recorded as a single capital asset in the PeopleSoft Asset Management (AM) module. For financial statement reporting purposes, each of these completed assets is depreciable and should be reported at cost less the accumulated depreciation as of fiscal year end.

If a software program is still being developed and is not yet in use at fiscal year-end, the accumulated costs are to be reported as Software Work-in-Progress (SWIP), a component of the non-depreciable capital assets on the State's balance sheet.

Statewide SWIP is manually compiled by the Auditor of State (AOS) compilation team based on data provided by the State Agencies developing the software programs. The AM module is not designed or utilized to track the accumulating costs for each software program being developed. Rather, personnel at each agency are responsible for tracking the SWIP costs outside of AM until project completion, when the completed asset is recorded in AM.

The AOS relies on each State Agency to provide accurate and complete data for each project under development. Each state agency should implement internal controls to ensure that amounts submitted to the AOS are accurate and complete.