



IASBO ECA Conference

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Contact Information



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About the State Board of Accounts



- Created in 1909 in response to widespread corruption
- 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.
- Responsibilities
 - Perform audit/exams of all governmental units
 - Prescribe forms and procedures used by governmental units
 - Various other duties including recounts, providing training for local officials, consulting services, etc.

SBOA Staff



Organizational Flowchart

- SBOA Board (State Examiner, 2 Deputies)
- Directors (2 per area)
 - Schools and Townships
 - Cities/Towns and Special Districts
 - Counties
- Audit Coordinators (5)
- Investigation Coordinators (2)
- Field Examiners (230)

ECA Risk Report



- Due in Gateway by August 29th
 - Can file early if closing books early
- No changes from last year
 - Be mindful **questions affect when you are audited!**

ECA Audits



• SBOA plan

- ECA with receipts greater than \$1,000,000 will be examined during the school corporation audit by the assigned field examiners
 - For 2016 Report 76 ECAs
- ECA with receipts between \$1,000,000 - \$100,000 will be examined by a centralized compliance process
 - For 2016 Report 682 ECAs
 - Will be done on a 4 year rotation coinciding with the School Corporation audit
- ECA with receipts less than \$100,000 and not having a specific risk identified will have **Centralized review process**
 - Approximately 10% of total statewide ECA activity

Monthly Uploads



- State Examiner Directive 2018-1

- <https://www.in.gov/sboa/files/Directive%202018-1.pdf>

- More efficient and less costly audits.
- Proactively identify problems.

Dates of Submission



- Monthly – by the 15th of each month
 - 45 days to submit information (January information in March).
- 1st month required: January 2019
- Annual Uploads – After **Fiscal Year-end**
 - **By August 29th**

Monthly Upload Requirements



1. Bank reconcilements
2. Approved board minutes — N/A for ECAs
3. Funds ledger, summarizing total receipts, disbursements, and balances by fund

Annual Upload Requirements



- Year-end bank statement
- Year-end outstanding check list
- Year-end investment statements
- Detail of receipt activity – N/A for manual records
- Detail of disbursement activity – N/A for manual records
- Current year salary resolution
- Annual vendor history report – N/A ECAs

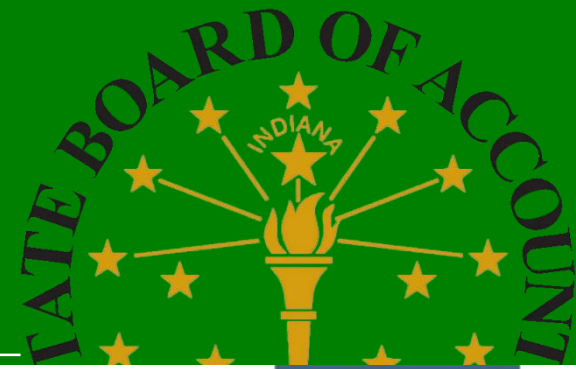
Frequently Asked Questions



- Future changes
 - Machine Readable format
- Direct Requests
- Repercussions
- Multiple Files

Gateway

<https://gateway.ifionline.org/>



INDIANA Gateway for government units

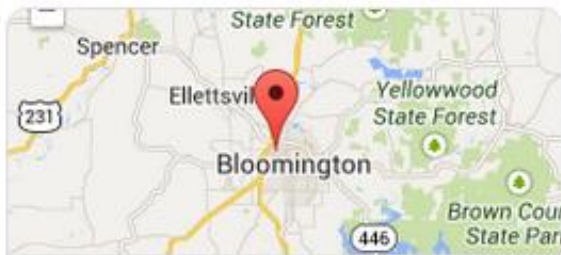


[Home](#) [Report Builder](#) [Download Data](#) [Learn More](#)

[Local Officials: Login Here »](#)

An Open Door into Local Government Finance

Gateway collects and provides access to information about how taxes and other public dollars are budgeted and spent by Indiana's local units of government.



[Find your units](#)



[Public employee compensation](#)



[When is your budget hearing?](#)

Login Screen



[Home](#) [About](#) [User Guides](#)

The Indiana Gateway for Government Units provides a central commons for local units to submit their financial forms to the State of Indiana.

This site works best in [Firefox](#) and [Chrome](#). Internet Explorer browser.

Authorized Personnel Login

User Name:

Password:

[Forgot your password?](#)

Please note: Passwords are CASE sensitive.

After 5 failed attempts to log in, your account will be locked—
notify ibrctech@iu.edu.

[Request Authorization to Access Gateway](#)

Announcements

Gateway Reporting Access Authorized User P

The local official login portion of Gateway is accessible only
responsible for entering and submitting reports to the State.
the person who receives authorization. [Read full policy »](#)

Welcome to the Indiana Gateway for Government Units

As an authorized user, you will have at least one application to use. Each of these applications enables a local unit to submit its required forms, reports or files to the appropriate state agency. Agencies currently include [Department of Local Government Finance](#), [State Board of Accounts](#), [Indiana Education Employment Relations Board](#) and [Indiana Gaming Commission](#).

Select Application

Department of Local Government Finance (DLGF)	Deadline
Abstract	Details
Assessor Reports	Mar 31
Budgets	Details
Data Entry for CNAV and Form 22	Details
Debt Management	Details
Economic Development Reporting	Sep 30
File Transmission	Details
Other Post-Employment Benefits	Mar 1
SB 131 Reporting for SWMDs	Mar 1

State Board of Accounts (SBOA)	Deadline
100R	Jan 31
Annual Financial Report	Details
Monthly and Annual Engagement Uploads	Details
Conflict of Interest Disclosure	15 days after final action on the contract or purchase
E-1 Entity Annual Report	60 days after entity's fiscal year ends
ECA Risk Report	Aug 29

Gateway



- <https://gateway.ifionline.org/>
- User Guide:
<https://gateway.ifionline.org/userguides/engagementguide>
- Submitter – ECA or Corporation Treasurer



Monthly Upload Questions?

Approvals to spend



IC 20-41-1-7 states:

- (a) The treasurer has charge of the custody and disbursement of any funds collected by a collecting authority and expended to pay expenses:
 - (1) **approved by the principal** or teacher in charge of the school;
 - (2) incurred in conducting **any athletic, social, or other school function** (other than functions conducted solely by any organization of parents and teachers);
 - (3) that cost more than twenty-five dollars (\$25) during the school year; and
 - (4) that are not paid from public funds.
- (b) The principal or teacher in charge of the school shall **designate a collecting authority** to be in charge of the collection of any funds described in this section. Upon collection of any funds, the collecting authority shall deliver the funds, together with an accounting of the funds, to the custody of the school treasurer. The principal may designate different collecting authorities for each separate account of funds described in this section.

Your Responsibility!!!



- Upon collection of any funds, the collecting authority shall deliver the funds, together **with an accounting of the funds**, to the custody of the school treasurer. The principal may designate different collecting authorities for each separate account of funds.

Reimbursement Procedures



- Two Options – (Determined by Policy)
 1. Provide ECA Treasurer /w invoices/bills for costs associated with event.
 2. Pay the cost and submit documentation for reimbursement.
 - Documentation should be itemized.

Approvals to transfer



- IC 20-41-1-4
- Requires approval from:
 - 1. Majority of Members
 - 2. Sponsor (AD sponsor for athletic funds)
 - 3. Principal
 - 4. Treasurer

SBOA Forms



- All ECA forms and records shall be prescribed or approved by the SBOA.

As of April 1, 2014, the form approval process is detailed in the March 2014 School Administrator.

- **The cost of prescribed or approved ECA records and the bond of the ECA treasurer shall be paid for from the General (Operations) Fund of the School Corporation.**

Fundraisers



- In the absence of a local policy, our opinion would be that **each fundraising activity needs to be looked at individually** to determine if the school corporation is running the activity or if an outside organization is running the activity.
- Things to keep in mind would be that if school employees are participating in the fundraising activity on school time, then the fundraiser activity should be accounted for in the school records or you run the risk of **ghost employment** issues.

Fundraisers



- Governmental units which conduct fund raising events **should have the express permission of the governing body** for conducting the fundraiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials.
- School Board would also need to approve/accept donations to be received.

Accounting for Donations



- Cash donations that are *extra-curricular in nature* may be accounted for in the Extra-Curricular Account.
- Any *School Corporation* donations shall be accounted for in the School Corporation records.

Donation of Funds



- We will not take exception to club/organizations donating money to an outside organization based on a majority vote of its members.
- Documentation must be retained to provide approval of a majority of the members.
- The warrant/check should be written to an organization and **not an individual.**

Prepaid School Lunch



- Updated bulletin article
 - “Recommended” → “Required”
 - Monthly reconcilements required
 - Updated for new chart of accounts
 - <https://www.in.gov/sboa/files/2019%20February%20School%20Bulletin.pdf>

Staff Funds



- Our prior audit position disallowed **staff funds to be accounted for in the extracurricular records**. We have recently revised our opinion and we will **not take exception** to an extracurricular account established for staff funds.
- This change in position **does not affect our position on outside organizations**, such as booster groups, parent teacher organizations etc... There should not be any outside organizations' funds accounted for in the extracurricular records.
- IC 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ."

Bonding Requirements



- IC 5-4-1-18
- “...whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, the state, a political subdivision, or another governmental entity **in an amount that exceeds five thousand dollars (\$5,000)** per year” ... must have a bond of at least \$5,000.
- **The statute does not require the individual to be an employee of the school corporation.** So, for example, parents volunteering in the school lunchroom or at an extracurricular sporting event must be bonded if their official volunteer duties include receiving public funds such as lunch money or admission fees assuming they will collect over the *de minimis* amount.

Internal Controls



- Internal Controls Standards
 - Required to be adopted per IC 5-11-1-27
 - ‘Personnel’ required to be trained.
- Need to have **documented procedures** for the next round of audits.



Frequently Asked Questions

Frequently Asked ECA Questions



- Student Activity Funds
 - Used for the entire student body
- Ex: Field Trips, Convocations etc...

Frequently Asked ECA Questions



- Library Funds
- Exception: Reading Incentive Program (Scholastic)

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 (Continued)



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**.

Frequently Asked ECA Questions



- Scholarships

- Never write a check to an individual!

- School Corporation Records IC 20-40-14

- 2700-2799 Scholarships in Chart of Accounts

Frequently Asked ECA Questions



- ECA Equipment and Uniform Purchases
- Allowable: equipment/uniforms...
- Not allowable: Gym class equipment...

Frequently Asked ECA Questions



- Vending Machines/Concessions
- At a minimum – yearly reconciliation of concessions/vending items.

Frequently Asked ECA Questions



- Outside Organizations
- No funds that are Educational in Nature
 - Other than School Lunch and Curricular Materials
 - Process in Chapter 6 page 3
 - Fees i.e. Parking fees

ECA Manual?



- Coming very soon in 2019!
- Updated from 2010 version

ECA Fraud!



- In 2018 we performed 17 special investigations on ECAs.
 - \$156,735.63 of missing deposits
 - Found issues in Event Center collections, Athletic events, Fundraiser proceeds, Textbook rental collections, and School Lunch collections.
- Cash environment is inherently risky

Special Investigations Suggestions - Fundraisers



- Money collected from various school fundraisers have proven to be a favorite area of theft for ECA treasurers. **Sponsors seldom watch their fund activity or follow up** to insure they get credit for the amount remitted to the ECA treasurer. Additionally, there are frequently **no controls in place over the collections** prior to the time they are turned into the ECA treasurer. Both weaknesses make these revenues susceptible to theft by either the sponsor or ECA treasurer. In some cases, the sponsor maintained records of the collections turned into the ECA treasurer however most times the sponsor had no record.
- A control or controls that would help control these revenues would be **requiring the sponsor to issue a receipt to each student** for the collections turned into the sponsor. The **sponsor would then prepare a Sales report that would detail, by receipt** (i.e. receipt #s 2343 through 2367) that would agree with the issued receipts. **ECA treasurer and sponsor should count the cash together and both initial the Sales report.** After deposit the **ECA treasurer should provide the sponsor with a duplicate copy of the deposit ticket.** The sponsor would attach the deposit ticket to the sales report.
- This process would add a great deal of control both over collections prior to the time they were remitted to the ECA treasurer and after.

Special Investigations Suggestions – Athletic Events



- *Ticket sales reports are seldom looked at after they go from the Athletic Director to the ECA treasurer. We found numerous instances where the **ticket sales report did not match the deposit made by the ECA treasurer.***
- *A control that would prevent this from happening would be requiring the **ECA treasurer and AD to count the money together and both initial the ticket sales report** verifying the amount of cash turned into the ECA treasurer, then requiring the **ECA treasurer to provide the AD with a duplicate deposit ticket** for the event. The AD would then attach the copy of the deposit ticket to their ticket sales report and confirm that all event proceeds were properly deposited. This process would provide an added level of protection to both the AD and ECA treasurer*

Special Investigations Suggestions – Curricular Materials



- *The majority of textbook rental payments are collected at the start of each school year and is normally pretty busy time for the employees. While the TBR fund is usually maintained at the corporation level the collection process usually occurs at the school building with collections eventually being turned over to the Corporation Treasurer.*
- *Different software systems along with free TBR and bad debts make it pretty easy to make it difficult for the corporation to determine how much they should be receiving. Additionally, these payments often are made in cash, making it easy to steal from. Most schools have Textbook rental records on a computer system.*
- *These systems **should be able to generate a printout of all collections remitted by student.** This printout should be presented to the Corp treasurer along with the cash and checks collected. Total collections **should be counted by both the employee remitting the collections and the ECA treasurer and reconciled to the computer printout.** After the reconciliation is achieved **both the ECA or Corp treasurer and employee remitting the collections should sign the printout** verifying that everything balanced. After deposit a duplicate deposit ticket should be attached to the printout and it should be retained for audit. Additionally a printout should be generated any time a reimbursement for free TBR is received. This printout should designate the student account the reimbursement applies to.*
- *Finally, any and all write-off or adjustments to student accounts should be authorized by the Corporation treasurer before being posted to the student account.*

Website Overview



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



Questions?