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STATE BOARD OF ACCOUNTS



INDIANA PUBLIC LIBRARY
SPRING WORKSHOP

MAY 29, 2025





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PAUL D. JOYCE, CPA STATE EXAMINER

Indiana's State Examiner and the agency head for the State Board of Accounts, Paul Joyce coordinates and manages the post-audits and examinations of over 4,000 state and local governmental entities in Indiana.

Today's Topics:

- New Legislation
- Gateway Housekeeping
- Accounts Payable and Accounts Receivable
- Stale Dated Checks
- Electronic Receipts and Payments
- Banking



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New Legislation



HEA 1198: Local Public Works Projects



HEA 1033: Retainage Requirements



HEA 1134: Executive Sessions



HEA 1392: State Comptroller Matters



HEA 1198: Local Public Works Projects

- ▶ Indiana Codes 36-1-12-4, 36-1-12-4.7, & 36-1-12-4.9
- ▶ Effective: July 1, 2025
- ▶ Public Works threshold increases from \$150,000 to \$300,000 for various statutes.
 - ▶ \$50,000 - \$300,000 = invite at least 3 quotes
 - ▶ Greater than \$300,000 = file notice for bids
- ▶ Public Work
 - ▶ Construction, reconstruction, alteration, or renovation of a public building or structure (IC 36-1-12-2)



HEA 1033: Retainage Requirements

- ▶ Indiana Code 36-1-12-14
- ▶ Effective: July 1, 2025
- ▶ Max retainage for public works projects over \$200,000 decreased:
 - ▶ Withhold no more than 6% of the dollar value of work completed until project is 50% complete and nothing further after.
 - ▶ Previously was no more than 10% nor less than 6%
 - ▶ Withhold no more than 3% of the dollar value of work completed until project is fully completed.
 - ▶ Previously was no more than 5% nor less than 3%



HEA 1134: Executive Sessions

- ▶ Indiana Code 5-14-1.5-6.1
- ▶ Effective: July 1, 2025
- ▶ Additional instances where executive sessions may be held:
 - ▶ Discuss employee specific compensation or employment matters.
 - ▶ Discuss employee health care options with respect to special exceptions for coverage.
 - ▶ Discuss employee handbook changes.



HEA 1134: Executive Sessions (cont.)

- ▶ Additional instances where executive sessions may be held:
 - ▶ Review negotiations on performance of publicly bid contracts when public disclosure could lead to higher costs.
 - ▶ Discuss soliciting proposals for the purpose of awarding contracts for goods/services, when:
 - ▶ proprietary data, trade secrets, or other information is contained in the bidder's proposal relating to the bidder's unique methods of:
 - ▶ (i) conducting business; or
 - ▶ (ii) determining prices or premium rates to be charged for services under the terms of the proposal.
 - ▶ And, public knowledge regarding the discussion would reasonably be expected to result in private loss to the providers of the information discussed



HEA 1392: State Comptroller Matters

- ▶ Indiana Codes 6-5.5-8-2 & 6-6-5.5-20
- ▶ Effective: July 1, 2025
- ▶ Financial Institutions Tax (FIT) and Commercial Vehicle Excise Tax (CVET) distributions may now be receipted into any fund.
 - ▶ Take on restrictions of fund receipted into.



GATEWAY HOUSEKEEPING

MARCH 2025 LIBRARIES BULLETIN



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GATEWAY HOUSEKEEPING

- ▶ The Indiana Business Research Center (IBRC) will be conducting maintenance within Gateway in the coming months to optimize storage space. As part of this effort, older Monthly and Annual Engagement uploads will be removed. Going forward, the only documentation retained in Gateway will be records from years that have not yet been audited by the SBOA, along with the most recent year following an audit.
- ▶ Only applies to Monthly and Annual Uploads.
 - ▶ Does NOT apply to AFRs
- ▶ This is a reminder that Gateway is not intended as a document storage system.
- ▶ Governmental units are responsible for maintaining their own records in accordance with applicable retention laws.



Accounts Payable and Accounts Receivable (AP and AR)

- ▶ What makes up AP and AR?
 - ▶ Accounts Payable – These are goods and services that you received, but you have not paid for them by the end of the year.
 - ▶ Most units of government will have some accounts payable. These would be claims submitted in December, but you will not pay them until January.
 - ▶ Accounts Receivable - These are amounts that are owed to your unit that haven't been received by the end of the year.
 - ▶ Some units of government will NOT have accounts receivable. However, for libraries this commonly would include fines or fees charged to patrons.



Accounts Payable and Accounts Receivable (AP and AR) (Continued)

- Annual Financial Report (AFR)
 - Total dollar amount of your AP and AR.

Core Reporting	
Financial Data by Fund	E
	b
Fund Type	S
Capital Assets	U
	a
	A
	R
Accounts Payable/Receivable	A
	C

- Annual Uploads
 - List of AP and AR by vendor and amount totaling the amount entered on the AFR.

Annual	
✓	Year End Investment Statements and Register of Ir
	Not Applicable.
	Test
✓	Detail of Receipts by Fund and Account (if Data Ca
	In Data Capture.
✓	Detail of Disbursements by Fund and Account (if D
	In Data Capture.
X	Current Year Salary Schedule and Amendments
✓	Annual Vendor History Report
	File upload not required for hand posted records.
X	Annual Funds Ledger (beginning balance, receipts
X	Annual Payroll History Report- without SS#
X	Excel Data Capture (data dump)
X	Accounts Payable/Receivable Schedule Support



Stale Dated Checks



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Stale Dated Checks

Prepare a list of checks (IC 5-11-10.5-3)

- ▶ Outstanding two or more years at December 31st of preceding year
 - ▶ January 2025 – Checks written prior to 1/1/2023
- ▶ List requirements (IC 5-11-10.5-4):
 - ▶ Check date
 - ▶ Fund drawn from
 - ▶ Name of payee
 - ▶ Amount
 - ▶ Total of checks for each fund
- ▶ Not later than March 1st each year



Stale Dated Checks (cont.)

Receipt in checks (IC 5-11-10.5-5)

- ▶ Provide copy of checks to Library Board
- ▶ Notify that they are stale/void
- ▶ Receipt into fund from which the checks were initially drawn
 - ▶ If unable to determine then receipt into Operating Fund



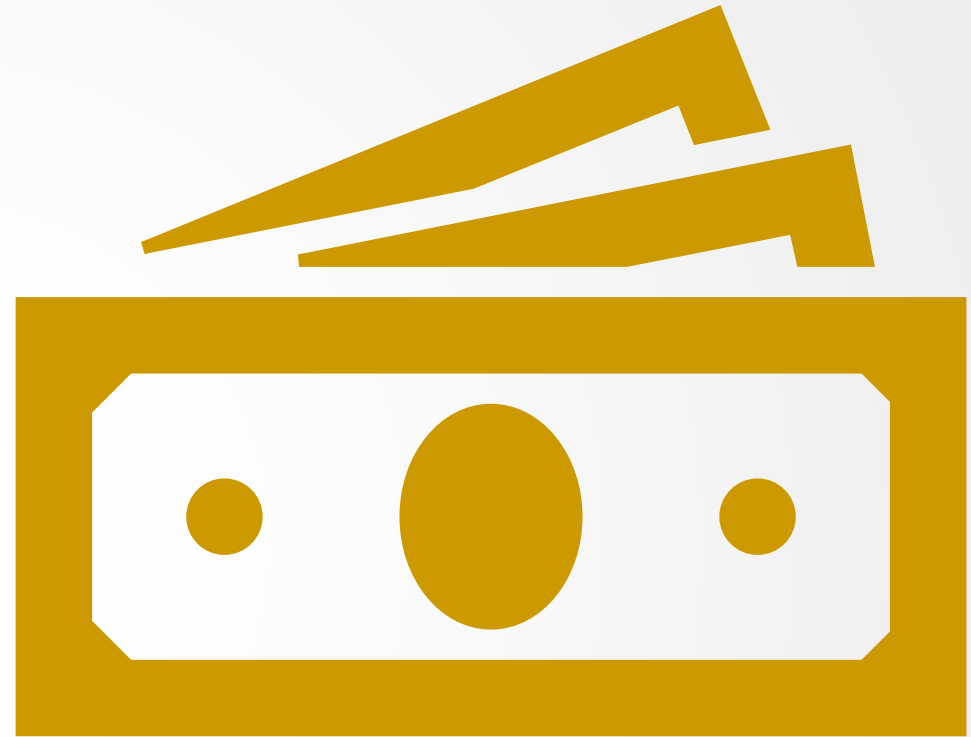
Stale Dated Checks (cont.)

Indiana Unclaimed

- ▶ Unclaimed Property Division on Attorney General website (<https://www.indianaunclaimed.gov/>)
 - ▶ Report unclaimed property
 - ▶ Reporting Property dropdown
 - ▶ Report Unclaimed Property
 - ▶ Enter a Manual Report
 - ▶ Reporting Guidelines & Information
 - ▶ Reporting Property dropdown
 - ▶ Reporting Guidelines (shows reporting requirements and necessary due diligence)
 - ▶ Unclaimed Property Contact Information
 - ▶ About dropdown
 - ▶ Contact Us

Electronic Transactions

Receiving and Sending Payments



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Receiving Payments

Indiana Code 36-1-8-11

- Cash
 - Check
 - Bank Drafts
 - Money Orders
 - Credit Cards
 - Debit Cards
 - EFT (Electronic Funds Transfers)
 - Any Other Financial Instrument Authorized by the Fiscal Body
- Venmo, PayPal, Cashapp



Receiving Credit Cards Payments

Indiana Code 36-1-8-11(f)

If a bank charges the unit a fee for accepting credit cards, you can collect from the customer using the card either **or** both:

- Official fee that cannot exceed the transaction charge from the bank
- Convenience fee
 - Not to exceed \$3
 - Must be uniformly charged

Fees can be collected regardless of retail agreements between bank and credit card vendors that may prohibit such fees



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Receiving Credit Cards Payments (continued)

Indiana Code 36-1-8-11 (f) (continued)

- Fees can be collected regardless of retail agreements between bank and credit card vendors that may prohibit such fees

IC 36-1-8-11 (g)

- If any service charges are assessed for accepting credit cards, you can pay them under IC 36-1-8-11



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Receiving Electronic Payments



- ▶ Types of Electronic Payments
 - ▶ PayPal
 - ▶ Venmo
 - ▶ Cash App



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Receiving Electronic Payments (continued)

➤ Requirements of accepting electronic payments:

- Fiscal body authorizes use of payment method
- Authorized user for each account
- Timely receipting, recording, and depositing
- Monthly reconciliation must be completed
- Methods should not be used for disbursements
- Proper internal controls must be in place



Disbursing Funds



CREDIT CARD
TRANSACTIONS



ELECTRONIC
PAYMENTS



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Credit Card Transactions

Credit Cards

- Board adopts policy in resolution or ordinance
- In Accordance with Libraries Manual chapter 1

Credit Card Policy Should Contain

- Purposes for which card can be used
- Procedures for custody of card(s)
- Not used to bypass the claims process
- Requirements for supporting documentation



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Credit Card Transactions (continued)

Credit cards – Audit Tips

- Internal Controls
- Supporting documentation
- Purposes for which card can be used
 - Original Receipts
 - Consider copying heat printed receipts & attaching to original
 - Something should exist for each card usage
 - Cannot pay from statement alone
 - Late Fees / Interest



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Electronic Payments

- Indiana Code 36-12-3-16.5
 - "electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.
 - Online bill pay through bank, ACHs, etc.
 - A library board may adopt a resolution to authorize an electronic funds transfer method of payment of claims. If a library board adopts a resolution under this subsection, the public library may pay money from its funds by electronic funds transfer.
 - A public library that pays a claim by electronic funds transfer shall comply with all other requirements for the payment of claims by the public library.



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Electronic Payments (continued)

➤ IC 5-11-10-2

- Claim must be approved by the fiscal officer or person receiving the goods or services
- Be audited for correctness and approved by the disbursing officer
- Be allowed by the governing body having jurisdiction over allowance of such claims before they are paid.
 - Unless there is a resolution allowing certain claims to be paid prior to governing body approval (IC 36-12-3-16). This is discussed in an upcoming slide.

➤ IC 36-12-3-16 (c)

- Each payment of expenses lawfully incurred for library purposes must be supported by a fully itemized invoice or other documentation. The library director shall certify to the library board before payment that each claim for payment is true and correct.



Electronic Payments to Vendors



Indiana Code 36-12-3-16.5 covers the payment of claims via electronic transfer. Note that subdivision (c) requires a unit to utilize the normal claims process, even for electronic funds transactions.

Among other limitations, this means that it is impermissible for a third party to “pull” money out of a unit’s bank account. Instead, the fiscal agent must initiate or direct the unit’s financial institution to disburse the funds.

Electronic Payments (continued)



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Electronic Payments (continued)

- Initiating the Payment

Why can't a library give permission for a third party to "pull" a payment?

- ▶ Things to consider:
 - ▶ IC 5-11-10-2 documents the claims process and that the fiscal officer has the control to disburse funds of the library.
 - ▶ The fiscal officer is charged with safeguarding the assets of the library.
 - ▶ When you allow a 3rd party authority to "pull" from your bank account you are giving them the power or control to write a check from your account. Thus, the fiscal officer cannot safeguard those assets as control has been given to 3rd party.



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Electronic Payments (continued)

- Automatic Payments or “Pulling”

Our position is that automatic payments or the pulling of payments from unit bank accounts should not occur.

Be on the lookout for future updates to Chapter 1 of the Uniform Compliance Guidelines (UCG) Manual for Libraries.

- This update will include a new section discussing this topic.



Electronic Payments

Payments prior to Governing Board Approval

- Ability to pay certain items described in an ordinance prior to governing body approval
 - IC 36-12-3-16
- Resolution is required
- Is not meant to bypass the claims process
- Payments still get approved at the next meeting of the governing board



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Disbursing Money Electronically

Internal Controls

Extremely Important – the nature of electronic payments lends itself to tighter controls and more scrutiny to detect and correct errors, as well as to prevent fraud

- Segregation of duties
- Reviews
- Approvals
- Documentation of all transactions



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