

## State Board of Accounts Chat Questions and Answers

### Annual Financial Report

**GAAP stands for Generally Accepted Accounting Principles. If you have any questions about whether or not this applies to you, contact [libraries@sboa.in.gov](mailto:libraries@sboa.in.gov).**

**An example of financial assistance to non-governmental entities would be providing financial assistance to the volunteer fire department because of a contract for fire protection or giving money to local Humane Society or other non-profit. It's funding to help that non-governmental unit exist.**

### 100R: Gateway

**Gateway works best with the browsers Firefox and Google Chrome. It doesn't work well with Internet Explorer.**

**The 100-R is due by January 31<sup>st</sup> by statute. It should be open for editing later in December. Gateway will send an email to the submitter notifying them that it is open for editing. The submitter is the person that has submission rights in Gateway, which is usually the treasurer.**

**Q: If you had an employee that retired during the year would you need to report them?**

A: Yes, you need to report any employee that you paid during the year even if they weren't an employee at the end of the year.

**Q: When it asks if you provide health benefits to employees, what does that include? What would qualify as "other benefits provided to employees"?**

A: The wording on the question comes directly from the statute. Health benefits would include dental, vision, any type of health benefits you provide. Other benefits would be anything that's not under health or pension, like having a vacation fund. Benefits entirely paid by the employee are not provided by the unit, and so would not be counted.

### Annual Uploads

**Annual uploads are due March 1, just like the annual financial report. If you have questions when you get into the uploads, you can email [engagementstrategies@sboa.in.gov](mailto:engagementstrategies@sboa.in.gov) or the Gateway Help Desk at [gateway@sboa.in.gov](mailto:gateway@sboa.in.gov) or Todd Caldwell and Susan Gordon at [libraries@sboa.in.gov](mailto:libraries@sboa.in.gov). If you have concerns about whether or not what you uploaded is okay, first look in the user guide and see if that answers your questions before emailing Engagement Strategies.**

**Q: How do you determine which libraries get audited?**

A: There's a statutory provision that's based on risk and there are some items listed in the statute that we use to determine the risk. Some of these risk items include: high employee turnover, bonding requirements, and debt reporting requirements that require an annual audit. The bond rating companies (e.g. Standard & Poor's, Moody's) want to see as frequent of audits as they can so they can give a good bond rating which lowers the interest rate that unit would have to pay on debt. If you have federal assistance over \$750,000, that requires an annual audit by federal law. It's a mix of all those criteria and the availability of our staff to do which audit when.

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**Q: We just went through our audit and got our bill and it's withheld from the distribution from the county, so we don't actually write a check for the audit. How do we show that on the report?**

A: There are two approaches. You can just receipt in your net settlement distribution and show that; we have not taken exception to that. The more technically correct way would be to receipt in your gross distribution and then on your disbursement side, show the amount of the audit. So those two would net out, but you have at least reported both sides of it. You've reported your whole property tax distribution and you've reported you have that expense for your audits.

### Annual Uploads: Payroll Disbursements

**Q: We have a third party vendor take care of payroll disbursements. What do we need?**

A: You would need something from them that would show what you've issued to employees during the year by employee, including name, record of each payroll electronic payment, gross, and all deductions.

**Q: Does ADP have a report that will provide information for the whole year as opposed to by paycheck? What kind of systems exist out there that will upload this automatically?**

A: ADP has a report called employee earnings record, but that doesn't have the detail that is needed. It doesn't show each paycheck. Payroll Details is a report to look at. It has a lot if not all of the information SBoA would be seeking. Keystone Fund will upload this automatically, whereas ADP does not. There may be others out there that will.

**Q: We don't go through a third party and actually write checks. What do we need?**

A: We need some sort of report so that we're getting all payroll checks for all employees throughout the year. If you were hand posting your records, there would be a manual form for employee earnings record that would show gross income, all deductions, and net check for each payment issued so that the end of the year you would have one form for the employee that would show the payroll information for the whole year.

### Annual Uploads: Vendor History Report

**Q: If you paid for a program and the person is not a vendor what do we do?**

A: If you paid for a program, even if it was to an individual, they would be considered a vendor. If you had somebody come in and do something and you just wrote them a check to pay for their services, it would be the same thing. So a vendor doesn't have to be a company or business; it can be an individual.

### Encumbrances

**Q: What distinction do you make between encumbered and accounts receivable, if any?**

A: The difference is primarily if the work has been performed yet or not. With an encumbrance you're carrying an appropriation over to the next year because you're going to pay it in that year. Maybe you have an approved contract for roof repairs by because of the weather they're not going to be able to get to it. They haven't performed the work yet, so you encumbered that and you move that appropriation to next year so it doesn't affect your 2019 budget. On the accounts payable part of it, those would be for things you've actually received. So if that roofing company had gotten onto your roof and made the repairs in 2018 but you were able to pay the bill by the end of the year but because the next board meeting wouldn't happen until January to prove that, that would be an Accounts Payable that you would recognize at the end of the year.

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**Q: If we have any encumbrances, do we need a resolution or can it just be noted in the December board meeting?**

A: It can be just noted in the December board meeting; it doesn't have to be a formal resolution. You would make a list of your encumbrances, provide it to the board, and have them make a motion that would get noted in the minutes that they are approving those and you would move forward.

Year End Duties: Providing Certified List of employees who have money due to them from your library to the county treasurer – June 1 and December 1

**Q: Does this only apply to full-time employees?**

A: It would apply to anybody that had money due to them from the library. So that could include part-time people. This could also apply to outside vendors, like a cleaning service. Mostly it's going to be your employees because they're getting paid on a weekly or bi-weekly or monthly basis and so they usually always have money due to them, so you would send that their names and addresses.

Current Year Salary Resolution

**The salary information that's uploaded, whether it's the annual or the monthly, is our audit work papers and so they are confidential by statutes. If somebody were to send a public information request into our office and ask for that, we would deny it based on the statute that says this is confidential audit work paper information and we can't release it.**

**Q: Is the Salary Resolution that needs to be uploaded the list of everyone and what their rated of pay will be for the new year?**

A: A salary resolution is the list of what everyone's going to be paid, but what you need to upload is the one for the current year. Probably toward the end of 2017 the library board adopted the resolution of what the salaries were going to be in 2018 and we want to see what was applicable for 2018. The salary resolution for 2019 will be what you upload at the end of 2019.

**Q: Does it have to be a resolution or can the board just approve your salary schedule and you upload that with the minutes?**

A: It has been our position that the library board would approve salaries for the year by resolution, so it should be a salary resolution. The resolution is what you need to upload.

**Q: We didn't have a 2018 salary resolution. That was commented upon during a recent audit and we were told that we have to have one for 2019 going forward. But what do we upload in the meantime?**

A: Write a narrative that says that, explaining that you don't have a 2018 salary resolution to upload and that the comment was discussed in an audit.

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**Q: If an employee earns a raise, but it falls within the approved range, do we need to approve a new Salary Schedule? Do we need to approve a new Salary Resolution?**

A: What we've seen with libraries is full-time positions like the library director, we wouldn't expect to see a range for that and usually that's the only person for that year. If they leave and someone else comes in, then you can amend the salary ordinance for the new position. If it's a position where there are multiple people like hourly employees, we've not taken exception to a range, an hourly range, as long as those people are paid within the range outlined in the Salary Schedule. If there were raises given during the year, each time that happened there should have been an amended resolution or an entirely new resolution to reflect those increases. You should always have a formal resolution for the compensation of employees.

### Current Year Salary Resolution

**An example of "separate incompatible activities" would be if you had a person that was involved in collecting money, then recording that receipt to the ledge, and then making the deposit to the bank and also reconciling the bank statement. Those would be duties that need to be separated out to more than one person if that's possible. There are one-person offices of course in all of our units and in those cases a review or approval process is recommended.**

**Q: For acceptable internal controls, is it enough that the board treasurer who signs the checks and each of the board members in their board packet has all of the financial reports in each month's minutes?**

A: The board should have all of that information and be able to review that information. They do need to have some mechanism where they either sign off on that to show that they have reviewed the financial information. Yes, they should keep that documentation that you review that for audit. The examiners will need to see that when they come in. Documenting that in each month's minutes would be acceptable. If you choose to use a check off list or some kind of initialing system or email confirmation, our field examiners would look for that.

**Q: If the board goes through all of the information and it's recorded, do they still need to sign it?**

A: Yes, we want to see something in writing.

**Q: (14:10) Is Internal Control training just a one-time requirement for each employee and board member?**

A: You only need to watch it once or if you have new employees during the year, they need to watch the video if they're involved in the cash process, if they're personnel as defined by statute in Indiana Code 5-11-1-27(c). You just need to have the signed paper saying they have had the internal controls training on file.

**Due date reminders:**

<https://www.in.gov/library/files/Caldwell%20Year%20End%20Duties%20and%20Reminders.pdf>