

IASBO REGION #7

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AND TOWNSHIPS**

CONTACT INFORMATION

- Schools.Townships@sboa.in.gov
- (317) 232-2512
- www.in.gov/sboa/4449.htm
 - Report Variances per IC 5-11-1-27
 - SBOA Staff Feedback

GAAP?

- Does anyone's ADM approach 15,000?
- IC 5-3-1-3
 - ADM 25,000 for FY 2021
 - ADM 15,000 for FY 2022

RISK BASED APPROACH TO ENGAGEMENTS

- IC 5-11-1-25 states in part: “...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 that are established by the state board of accounts and approved by the audit committee...”

RISK BASED APPROACH TO ENGAGEMENTS (CONTINUED)

- For Schools, you will still get a biennial audit if one of the following apply:
 - Federal audit is required
 - \$500,000 for an audit period that begins before December 26, 2014
 - \$750,000 for an audit period that begins after December 26, 2014
 - Due to continuing disclosure requirements
 - As a condition of a public bond issuance
- Historically, 92% of schools fall within one of those criteria

RISK BASED APPROACH TO ENGAGEMENTS (CONTINUED)

- ECAs
 - Gateway application: ECA Risk Report
 - From this, we will evaluate all the ECAs and based on their risk assessment, may assign our staff to review those during our next scheduled corporation engagement.
 - Additional Information (records retention, part of corporation?, etc.)

SCHOOL AUDITS TIMELINE

- July 1, 2012 – June 30, 2014 Cycle
 - 2
- July 1, 2013 – June 30, 2015 Cycle
 - About 50%

GATEWAY

- Due August 29, 2017
- Schedule of Officials
 - Current/Prior Fiscal Officer, President of School Board
 - DUNS number
 - EIN Number
- Unit Questions
 - Will basically ask yes/no questions on whether you have the following:
- Capital Assets
- Grants

GATEWAY (CONTINUED)

- Accounts Payable/Receivable
- Debt
- Leases
- Financial Assistance to Non Governmental Entities
- Pensions
- Contracts (optional)

GATEWAY (CONTINUED)

- ECA Risk Report
 - Risk Assessment
 - 20 Questions (mostly Yes/No)
 - Complete monthly reconciliation, do you have investments, is all money received deposited, school lunch and/or TBR accounted for at ECA level, SA-1 or SA-7 (claim/AP Voucher) used, etc.
 - Schedule of Balances, Receipts, and Expenditures
 - Upload directly from your system, or
 - Manually enter
 - Bank Reconciliation
 - Enter bank statement date, bank balance, cash on hand, DITs, O/S checks, other
 - Bank and Bond Data
 - Fill in the blanks

GATEWAY (CONTINUED)

- ECA Risk Report
 - Eliminated is the need to enter all disbursements by vendor
 - Can't enter negatives, will have to convert those
 - ECA treasurer can get Edit rights, but the Corporation Fiscal Officer will have to submit

SCHOOL REPORTING MATERIALITY POLICY

- State Examiner Directive 2015-6 requires each school to develop their own materiality policy in regards to IC 5-11-1-27(j)
 - Should include steps taken in the event of a variance, loss, shortage, or theft
 - Should include a threshold at which point the school will report the event to the SBOA
 - Threshold should distinguish between incidents involving cash and those involving other types of assets
 - Should include the retainage of documentation detailing the event and the solution that was determined
- If a school does not adopt a policy, then the threshold to report to the SBOA will be considered \$0 and every variance, loss, shortage, or theft would be required to be reported.

SCHOOL REPORTING MATERIALITY POLICY (CONTINUED)

- Procedures to report a material variance, loss, shortage, or theft
 - SBOA website contains a notification link which reports via email
 - Incidents may be reported via telephone conversations
 - Incidents may be reported via in person contact
- SBOA will gather sufficient information and evaluate to determine the action that needs to be taken for the event

SCHOOL REPORTING MATERIALITY POLICY (CONTINUED)

- **IC 5-11-1-27(I)** still requires school officials that have actual knowledge or reasonable cause that a misappropriation of public funds has occurred to send written notice immediately to the **SBOA** and the **County Prosecuting Attorney**
- Misappropriation occurs when an employee or in-house contractor of the school wrongly takes or embezzles public funds.
 - Materiality thresholds do not apply to occurrences of misappropriation.

INTERNAL CONTROLS

- Resources
 - Our Website
 - www.in.gov/sboa/4449.htm
 - Internal Control Standards Section
 - Manual
 - Webinar
 - Other training
 - Training Certification
 - March 2016 Bulletin – Volume 213

INTERNAL CONTROLS (CONTINUED)

- Your statutory requirements:
 - School Board adopts minimum standards
 - Train personnel
 - Document specific I/C policies and procedures
 - Certify (in 2017 Gateway AFR)
 - Standards were adopted
 - Personnel received training

INTERNAL CONTROLS (CONTINUED)

- What is Internal Control?
 - A conceptual process that is applied to a wide range of situations in a wide range of environments
 - **A process executed by officials and employees that is designed to provide reasonable assurance that the objective of the political subdivision will be achieved**
 - Includes the reduction of risk association with fraud as well as a safeguard of resources against loss due to waste, abuse, mismanagement, or errors
 - **It is a basic element fundamental to the organization, rather than a list of added on tasks**
 - It is a check and balance system over operations, promoting operational effectiveness and efficiency
 - It is focused on the achievement of objectives
 - It is dependent on official and employees for effective implementation
 - **A system that produces reliable financial and management data**
 - It ensures accuracy and timeliness in reporting
 - It promotes compliance with laws

INTERNAL CONTROLS (CONTINUED)

- 5 Components
 - Control Environment
 - Risk Assessment
 - Control Activity
 - Information and Communication
 - Monitoring

INTERNAL CONTROLS (CONTINUED)

- Segregation of Duties
 - Integral part of a proper set of internal controls
 - 4 general categories:
 - Authorization
 - Custody
 - Record keeping
 - Reconciliation
 - Ideally, no one person should have control of 2 or more of the above categories
 - If one person does control 2 or more of the above categories, then some type of mitigating control should be implemented, i.e. a detailed review process

INTERNAL CONTROLS (CONTINUED)

- What do you do if you cannot have proper segregation of duties?
 - Incorporate the board and/or superintendent
 - Make sure there is sufficient review of the activities performed

SEFA CHANGES

- Are there new compliance guidelines that SBOA is going to be implementing on the SEFA and if so, what are they?
- Answer: No and Yes!
 - Yes, there are changes, but they are not changes WE are making.
- You will still input information into Gateway like you have been doing the last couple of years...SEFA will just look different when it is pulled out of Gateway.

SEFA CHANGES (CONTINUED)

- Information that previously could have been presented in the Notes must now be presented on the face of the schedule:
 - Amounts provided to Subrecipients
 - Shown in separate column
 - Amounts from Loan and Loan Guarantee Programs
 - Shown on a separate line in the totals column
 - Amounts of Noncash Awards
 - i.e. commodity information for Child Nutrition Cluster
 - Shown on a separate line in the totals column

SEFA CHANGES (CONTINUED)

- SEFA must now include a total of each cluster of programs
- Notes to the SEFA must include whether or not you elected to use the 10% de minimis indirect cost rate

SEFA CHANGES (CONTINUED)

B46092.pdf - Google Chrome

www.in.gov/sboa/WebReports/B46092.pdf

Gateway Transparency 8.1.06 SBOA Peoplesoft IGA Cubs MLB Pay Townships Website Update Test Website 2015 IC Website Ticket WebTrends

For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 12-13	\$ 17,541	\$ -
			FY 13-14	-	13,430
Total - School Breakfast Program				17,541	13,430
National School Lunch Program	Indiana Department of Education	10.555			
			FY 12-13	91,938	-
			FY 13-14	-	81,612
Total - National School Lunch Program				91,938	81,612
Total - Child Nutrition Cluster				109,479	95,042
Total - Department of Agriculture				109,479	95,042
Department of Education					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			12-7610	176,189	-
			13-7610	211,531	129,832
			14-7610	-	177,019
Total - Title I Grants to Local Educational Agencies				387,720	306,851
Special Education Cluster (IDEA)					
Special Education-Grants to States (IDEA, Part B)	Indiana Department of Education	84.027			
			14212-046-PN01	45,528	-
			14213-046-PN01	73,736	43,716
			14214-046-PN01	-	84,466

SEFA CHANGES (CONTINUED)

SEFA Template.xlsx [Read-Only] - Excel

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	A	B	C	D	E	F	G	H
1	EXAMPLE SCHOOL CORPORATION							
2	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS							
3	For The Years Ended June 30, 2015 and 2016							
4								
5								
6				Pass-Through		Total		Total
7			Federal	Entity (or Other)	Pass-Through	Federal Awards	Pass-Through	Federal Awards
8	Federal Grantor Agency		CFDA	Identifying	To Subrecipient	Expended	To Subrecipient	Expended
9	Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Number	Number	06-30-15	06-30-15	06-30-16	06-30-16

Start Report GrantWk

READY 140%

NEW OFFICIAL BOND REQUIREMENTS

- Amended IC 20-26-4-5
- Now includes requirements to bond: the Treasurer, the Deputy Treasurer, and any individual whose duties include receiving, processing, depositing, disbursing, or having access to funds that belong to a school corporation
- Can now purchase a blanket bond as long as it is endorsed to include faithful performance of all required bond holders and includes aggregate coverage for all of the specified amounts of the required bond holders

NEW OFFICIAL BOND REQUIREMENTS

(CONTINUED)

- SBOA Audit position on Bonding Requirements
 - Update issued October 22, 2015 and included in the December 2015 School Bulletin
- Further SBOA will not take exception to coverage via a crime insurance policy as long as it is authorized by resolution and endorsed to cover faithful performance and includes aggregate coverage
- SBOA will not take exception to not obtaining a bond for individuals who receive, process, deposit, disburse, or have access to less than \$5,000 of funds per event or duty
- It will be optional to submit a copy of the official bonds to the SBOA on the 2015-2016 Gateway Annual Report



COMMON COMMENTS

OVERSPENT APPROPRIATIONS

- Indiana Code 6-1.1-18-4 states in part: “...the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article.”

TIMELY DEPOSITS

- Indiana Code 5-13-6-1(c) states in part: "...all local officers ... who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the ... local boards of finance ..."

SUPERINTENDENT CONTRACT

- Indiana Code 20-26-5-4.3(a) states: "At least seven (7) days before a contract for employment is entered into by a governing body and a school superintendent, the governing body shall hold a public meeting on the proposed contract at which public comment is heard. The governing body is not required to disclose the identity of the candidate for superintendent at the public meeting."

TEXTBOOK RENTAL FEES

- Indiana Code 20-26-12-2 states in part: "(a) A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is: (1) in compliance with the minimum certification standards of the state board; and (2) located within the attendance unit served by the governing body. The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular material. (b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (25%) of the retail price of curricular materials that have been: (1) extended for usage by students under section 24(e) of this chapter; and (2) paid for through rental fees previously collected."

ADM

- Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.
- The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

PREPAID SCHOOL MEAL ACCOUNTS

- The School Bulletin, September 2015 – Volume 211, Page 5 (http://in.gov/sboa/files/scb2015_211.pdf)
 - Fund 8400
 - Transfer to 800 when student charges
 - School Board policy on students charging when they don't have a positive balance

CONTACT INFORMATION

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