State Board of Accounts
Spring Library Workshop

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.

June, 2020
Indiana State Board of Accounts

Enhanced Regulatory Basis of Accounting

Indiana State Board of Accounts
Enhanced Regulatory Basis 2019 Updates

- Long-term Debt
- Leases
- InterFund Transfers
- Deficit Fund Balances
- Significant Contingent Liabilities

Enhanced Regulatory 2020

- Financial Statement - Fund Types
- Interfund Activity
- Capital Assets Note Disclosure (instead of supplementary schedule)
- Conduit Debt
- Short-term Debt
- Tax Abatements
- Landfill Closure and Postclosure Care
- Related-Party Transactions
- Joint Ventures

Postponed
Capital Assets

- Update and maintain Capital Asset Ledger
- Supplementary Schedule (unaudited) for 2019 and 2020
- Compliance Testing
- Estimated Useful Lives of Assets – *Required on Form 369*
- Depreciation Calculation – *Postponed*

Capital Assets - Resources

You Tube Video – Accounting for Capital Assets

Library Bulletin

Library Manual

Presentations and Training Materials from 2019

[www.in.gov/SBOA](http://www.in.gov/SBOA) on the Libraries page
How to Prepare for a Remote Audit

Email, Telephone, Video Conferences

COVID-19 Protocol

Document Prior to Audit

Gateway Direct Request email

Monthly & Annual Uploads

Computer Webcam

Internal Controls during COVID-19

*Internal controls should be identified, monitored, and evaluated on a continual basis*
Internal Control Processes

Bank Reconciliation
Receipting Process
Disbursing Process
Payroll
Credit Cards
Financial Reporting

Internal Controls – Ongoing Process

Ongoing Process
Evaluate
Modify
Address all Five Components
Internal Controls

Best Practices

- Annual Financial Report
- Bank Account Reconciliations
- Credit Card Purchases

www.in.gov/sboa

Internal Controls – Best Practices

- Annual Financial Report
- Bank Account Reconciliation
- Credit Card Purchases
- Disbursing Activities
- Payroll
- Receipting Activities
- Schedule of Expenditures of Federal Awards
Do internal controls really matter?

Common Internal Control Findings

Did not separate incompatible activities related to receipts, disbursements, and payroll.

There was no evidence of an oversight, review, or approval process.

Did not have a review or approval process over bank reconciliation or over financial close and reporting.
Deposit of Collections

- Cash Collections
- Electronic Payments
  - IC 36-1-8-11

Payroll

Compensation Paid

Withholdings

Payroll Service Providers
Bank Transactions

- Cash Withdrawals
- Checks Payable to Cash
- Counter Checks
- EFTs
- Duplicate Payments

Unauthorized Transactions

- Credit Card Purchases
- Debit Card Purchases
- Electronic Funds Transfers
Internal Controls – Other Important Items

• Computer Security

• Offsite Storage

• Scams

Internal Controls

Review the Internal Control Manual

Use the Best Practice Documents

Evaluate Procedures

Address All Five components

Update Procedures as Needed
Review Prior Audit Report

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Indiana Code 5-11-1-27

Report of Misappropriation

• **Actual or Reasonable Cause**
  • to believe a misappropriation has occurred

• **Shall immediately** send **written** notice to
  • State Board of Accounts
  • County Prosecutor
Indiana Code 5-11-1-27

Report of Variance / Loss

• Materiality Threshold
• *Shall be reported immediately*
  to the State Board of Accounts

Report to SBOA – IC 5-11-1-27

[Form for Reporting Variance Loss]

Pursuant to IC 5-11-1-27, all political subdivisions are required to report to us all erroneous or irregular material variances, losses, shortages, or thefts of local funds or property. For the purposes of this IC section, material is defined by the State Examiner in State Examiner Directive 2015-6. Please use the following form to report this information to us. All fields are required.

Name: 
First Name: 
Last Name: 
Email: 

www.in.gov/sboa - Responsibilities under IC 5-11-1-27
Reporting under IC 5-11-1-27

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