IASBO Region 7

SBOA Updates / Coronavirus memos

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Directors of Audit Services
SBOA is OPEN for business, willing to take calls during business hours, and respond to emails as quickly as we can.

Please don’t hesitate to contact us via email or phone:

Schools.townships@sboa.in.gov

317-232-2512
WHEREAS, on March 11, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared COVID-19 a pandemic; and on March 13, 2020, the President of the United States declared COVID-19 to be a national emergency.

WHEREAS, to reduce and slow the spread of COVID-19, the Centers for Disease Control and Prevention (CDC) and the Indiana State Department of Health (ISDH) have recommended implementation of mitigation strategies to decrease social distancing and essential distancing in public gatherings.

WHEREAS, in light of the above, it is necessary and proper to take further action to protect the health, safety and welfare of all Hoosiers in connection with the continuing and ever-present threat posed by public health by COVID-19.

NOW, THEREFORE, I, Eric J. Holcomb, by virtue of the authority vested in me as Governor by the Constitution and the laws of the State of Indiana, do hereby order that:

1. Indiana’s Emergency Operations Center (IEOC), which I ordered to be activated on March 27, 2020, and is now located at Indiana State University, shall continue to serve as the state’s emergency operations center.

WHEREAS, on March 13, 2020, I announced steps being taken to address and respond to the COVID-19 outbreak, including suspension of large gatherings, social distancing for smaller gatherings and responding naturally.

WHEREAS, I hereby authorize, in accordance with the provisions of the Disaster Management Act, the Disaster Management Board, as permitted by law, to establish additional procedures and protocols to respond to the COVID-19 outbreak, including, but not limited to:

1. The Indiana State Board of Accounts, 2020
Where To Find Memos

www.in.gov/sboa

SBOA INFORMATION ON CORONAVIRUS

Please see the Memos linked below.

Policy Regarding Coronavirus 3-12-2020

Coronavirus Items to Consider 3-16-2020
MEMO – Policy Regarding Coronavirus –
March 12, 2020

Consult your attorney

Develop written policies with broad language
• Can prevent changes/amendments

Audits
• SBOA will not take audit exception to these policies & resulting responses that are due to the coronavirus
Emergency Meetings
- IC 5-14-1.5-5(d)
- Time requirements for posting don’t apply
- Still have to give notice
  - Media notified same as board members

Collective Bargaining Agreements
- Don’t forget to take CBA’s impact into consideration
MEMO – Coronavirus Items to Consider – March 16, 2020

1. SBOA Guidance should not be taken as restrictive
2. Monitor and address situations as they arise
3. School Boards will need to be flexible

Written polices/actions
- Maintain operations as normal as possible
- Maintain wellbeing of employees & public
Items to Consider

• Payroll
  - DOL guidance
    - Recommended review of leave policies & increased flexibility
    - www.dol.gov/coronavirus
    - www.dol.gov/agencies/whd/pandemic

• What work can be done remotely / what needs to be done at a government location
Items to Consider (Continued)

- Compensation & leave time – mandatory closing of office/building
- Trade days off
- Establishing the number of employees that can be in certain areas
- Who makes decision for remote work; superintendent, business official, department heads, etc....
- Security of records / assets taken off site
Items to Consider (Continued)

• What if employee can’t work at home
  ➢ How will employees be paid
  ➢ SBOA will not take audit exception to extension of paid leave time that is in accordance with allowable approved policies/actions and provisions

• Tracking costs
  ➢ Important if Feds are to reimburse your school
Items to Consider

- During a health crisis a broader reading of statutory uses is permissible.
- SBOA Will not take audit exception if:
  - Executive orders are followed.
  - Policies are adopted in a public meeting to approve expenditures.
  - Has legal opinions documented.
  - The policies adopted explains the need is to address the economic effects of the public health crisis.
Items to Consider

- Designating individuals to fill in for the fiscal officer
- Developing a Delegation of Authority
- Contact banking representative
- Provide designated individuals contact information
- Identify Essential tasks
- Provide employees with equipment to work from home.
- Interlocal Cooperation may be helpful.

- FEMA Continuity Resource Toolkit:
  https://www.fema.gov/continuity-resource-toolkit
IC 36-1-8-4(a) provides for the temporary transfer of funds for cash flow purposes.

Sec. 4. (a) The fiscal body of a political subdivision may, by ordinance or resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

1. It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
2. There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
3. Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
4. The amount transferred must be returned to the other fund at the end of the prescribed period.
5. Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.
IC 36-1-8-4(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

(1) Passes an ordinance or a resolution that contains the following:

   (A) A statement that the fiscal body has determined that an emergency exists.
   (B) A brief description of the grounds for the emergency.
   (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.

(2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance.
MEMO – Electronic Signatures – April 14, 2020

• May find useful to adjust signature process to electronic.

• SBOA will not take exception to electronic signatures with adequate controls in place.

• Using these signatures does not allow a unit to circumvent other statutory requirements (IC 26-2-8-107)
MEMOS - Conclusion

Keep monitoring; things are fluid
Work with your attorneys
Document policies/actions in writing
Timely Deposit of Funds

Approval of Claims
Timely Deposit of Funds

• Document board’s decision to limit frequency to two times per week
• Secure funds on days not deposited
• Document procedures

Directive 2020-1  APPROVAL of CLAIMS

Designation of Board Member to approve Claims

- Document in writing designation of governing body member
- Document in writing procedure to be used by the governing body member to indicate approval

Allowance of Claims

- First meeting after the Public Health Emergency has ended
Delayed School Start Date and Teacher Payments

• **SBOA Memo July 27, 2020**

• **Will not take exception to teacher pay on original pay dates pursuant to IC 20-28-9-15**
  - If an instructional day is rescheduled and a teacher does not work that day – if paid, we will request repayment (unless a waiver is granted).
Enhanced Regulatory Reporting

Updates to School Annual Financial Report
Enhanced Regulatory Reporting

• **Purpose of changes:**
  
  • Be proactive
  
  • To report similar to certain GAAP requirements
  
  • Satisfy legislators and bond rating companies
  
  • Legislation already passed requiring certain units to report financial statements in accordance with GAAP
Enhances Regulatory Reporting

• GAAP Reporting:
  • More financial requirements for units
  • More days to audit – additional audit costs to units
• Changes effective for the AFR due August 29, 2020
What’s New?

• Financial Data by Fund

• Upload csv file of All fund numbers and names including funds in 8000 - 9999
Annual Financial Report (AFR) Changes

• Debt

• Beginning Balance, Additions, and Reductions are to be reported as well as Ending Balance
Annual Financial Report (AFR) Changes

• Capital Assets
  
• Beginning Balance, Additions, and Reductions are to be reported as well as Ending Balance
Annual Financial Report (AFR) Changes

• Interfund Transfers
  • New question in the Unit Questions screen
Annual Financial Report (AFR) Changes

• Pensions
  • Offer a separate pension plan outside of the Indiana Public Retirement System’s plans
Annual Financial Report (AFR) Changes

• Other Post-employment Benefits (OPEB)
  • New question in the Unit Questions screen
SBOA Updates

Miscellaneous items to consider
On October 28th, 2019 a memorandum was sent to schools.

The Federal Single Audit cost will be increasing this year.
- Time spent auditing the financial statements of the school will remain at the statutory daily rate of $175 for taxing units.
- The cost of our services as it relates to auditing your federal programs shall be charged at the $95 per hour or $712.50 per day. (IC 5-11-4-3)

Audit costs are an allowable cost for many federal programs. To learn how to properly charge these audit costs to your federal programs, please contact your federal pass-through agency.
• OMB Memo
  • Includes guidance on allowability of costs charged to federal programs, reduced SAM website requirements etc...

Best Practices

• Recommendations for:
  • Annual Financial Report
  • Bank Account Reconciliations
  • Credit Card Purchases
  • Disbursing Activities
  • Overdrawn Cash/Investment Balances
  • Payroll Activities
  • Receipting Activities
  • SEFA
  • Prepaid Meals

Schools Webpage - https://www.in.gov/sboa/4449.htm

Scroll down to “Best Practices”
Federal Medicaid Reimbursements

• Individualized Education Programs (IEP)
  - *ALL* Federal Medicaid Reimbursements of medical services to students should be reported on the SEFA
  - If the school provides the services with their staff the school is a vendor and the expenditures would *not* have to be shown on the SEFA
  - If the school uses a contractor to provide the services, the expenditures *should* appear on the SEFA

• Medicaid Administrative Claiming (MAC)
  - For expenses incurred by the schools for assisting students in obtaining Medicaid coverage
  - Services for these reimbursements are required to be completed by the school staff
  - These payments are 100% Federal dollars and should *always* be reported on the SEFA
• To use money from the Self-Insurance Fund under IC 20-40-12-5 there must be a payment of a settlement or claim.

• Repairs to technology equipment do not involve the payment of a settlement or claim as required by this statute.

• In our opinion the language in IC 20-40-12-5 and IC 20-26-5-4(a)(15) does not allow for the self-insurance fund to be used to pay for repairs to technology equipment.
We have recently received questions regarding the payment of debt from the Operations Fund.

It is our opinion that Debt, other than those expenses included in the capital project plan, cannot be paid from the Operations fund under IC 20-40-18-5.
ECA Treasurer Training video

https://www.youtube.com/watch?v=Stbyj0kwJyE

• Officials should 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.) 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.
Upcoming Events

• “How To Prepare for a Successful Virtual Audit”
  • August 19th 10:30 a.m. ET
  • Presenters:
    • Deputy State Examiner - Tammy White, CPA
    • Financial Engagements Director – Beth Kelley, CPA
      • Link below: PASSWORD IS SBOA
        https://indianaenhanced.webex.com/indianaenhanced/onstage/g.php?MTID=ecbcde8c646499ff9c9dd444d4de5ade05
Website Overview

https://www.in.gov/sboa/4449.htm
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Questions