

# Bank Reconciliation, Accounting and Audits

Sheriff Virtual Meeting  
November 2021

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## State Board of Accounts

- We are the audit agency of the State of Indiana
- Created in 1909 because of widespread corruption
- We audit all governmental units, including counties, cities, towns, schools, townships, state universities, libraries and special districts.
- County audits include audits of the departments of the county
- Field Staff perform the audits
- Directors' unit – provide technical assistance



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## Uniform Compliance Guidelines

- SBOA is required to prescribe the accounting records for all governmental units and to issue audit standards everyone must follow
- Uniform Compliance Guidelines can be found in our manuals and our bulletins [www.in.gov/sboa](http://www.in.gov/sboa)
- Bulletins are issued quarterly in March, June, September and December



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## Audits

- Counties are usually done annually, although some smaller counties may have audits less often.
- Audit of the financial statements and provide an opinion
- Audit for compliance with federal law, statute, uniform compliance guidelines and local ordinance
- Offices and departments of the County are all subject to audit.
  - Collection point
  - Funds held outside of county funds ledger



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## Compliance Requirements

- Use designated depositories (IC 5-13-8)
- Daily Deposits (IC 5-13-6)
- Maintain Cash Book (IC 5-13-5-1)
- Reconcile bank statements to records at least monthly(IC 5-13-6)
- Remit at least monthly to the county treasurer/auditor on Report of Collections



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## Internal Controls

- IC 5-11-1-27 requires local governments to adopt minimum internal control standards and to train personnel on internal controls
- Personnel includes any officer or employee whose official duties include receiving, processing, depositing, or otherwise having access to funds that belong to the federal government, state government or a political subdivision.



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## Internal Controls

- Five Components to Internal Controls
  - 1. Control Environment
  - 2. Risk Assessment
  - 3. Control Activities
  - 4. Information and Communication
  - 5. Monitoring
- Training is available on our website [www.in.gov/sboa](http://www.in.gov/sboa)



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## Internal Controls

- During an audit we will review the internal controls that have been established over the receipting, posting, depositing, disbursing and reporting of the Commissary funds and Inmate Trust funds.
- IC 5-11-1-27 also requires the reporting of any erroneous or irregular material variances, losses, shortages or thefts from the political subdivision to the State Board of Accounts



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## ACCOUNTING FOR COLLECTIONS

- Fees and other collections
- Receipts
  - Reconcile Daily Collections
  - Deposits
- Posting Records
  - Cash Book
  - Inmate Trust – Control ledger and detail ledger
  - Commissary
- Reconciling to Bank
- Report of Collections



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## BOOKKEEPING DUTIES

- Sheriff's Cash Book
- Ledger of Receipts, Disbursements and Balances – Commissary
- Ledger of Receipts, Disbursements and Balances – Inmate Trust
- Detail ledgers of individual accounts – Inmate Trust
  
- Semi-annual report to Council on Commissary receipts, disbursements (IC 36-8-10-21)
- Supplemental Annual Financial Report



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## Sheriff Cash Book

- Used to account for:
  - Tax Warrants
  - Bail Bonds
  - Vehicle Inspection fees
  - Accident reports
  - Housing Reimbursements
  - Donations
  - Proceeds of foreclosure sales and forfeited asset sales



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## Report of Collections

- Fees are remitted monthly to the County Treasurer
- Accompanied by a Report of Collections to be filed with County Auditor



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## Drug Buy Funds

- Follow procedures for petty cash
  - Fund established by County
  - Check issued to Sheriff to start fund
  - Claims submitted to county to replenish fund
  
- Procedures established to document/log the issuance of funds to officers
  - Case number or other system to retain confidentiality
  - Returned funds logged back in



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## Ledgers

- County Form 205 is the prescribed form for the Commissary ledger.
- General Form 358 Ledger of Receipts, Disbursements and Balances is the prescribed form for the Inmate Trust
- County Form 54 is the prescribed form for the Sheriff Cash Book
- You have the option to use reports generated by your software in place of the prescribed form. They should provide the same information as the prescribed form. Alternative forms must be audited before they can be approved.




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Prescribed by State Board of Accounts County Form 205 (2018)

**LEDGER OF RECEIPTS, DISBURSEMENTS AND BALANCES**  
COMMISSARY FUND

Receipts				Disbursements						Balance
Date	Receipt Number	Source	Amount of Receipt	Date	Payee	Warrant Number	Code*	Detail Expenditure Description	Amount of Warrant	




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## Posting Records

- All transactions should be posted timely.
- Prescribed manual forms (or software financial system)
- Commissary fund
  - Post all receipts to commissary
  - Transfers of payments from Inmate Trust to Commissary
  - Post all disbursements from Commissary.
  - Keep all supporting documents for disbursements



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## Posting Records - continued

- Inmate Trust
  - Additions to account: post payments by an individual to their account and to control ledger
  - Withdrawals from account: post all payments from account to the commissary fund of both individual and control
  - Post all payments of return of funds to individuals
  - At all times control ledger should tie to summary of individual account ledgers



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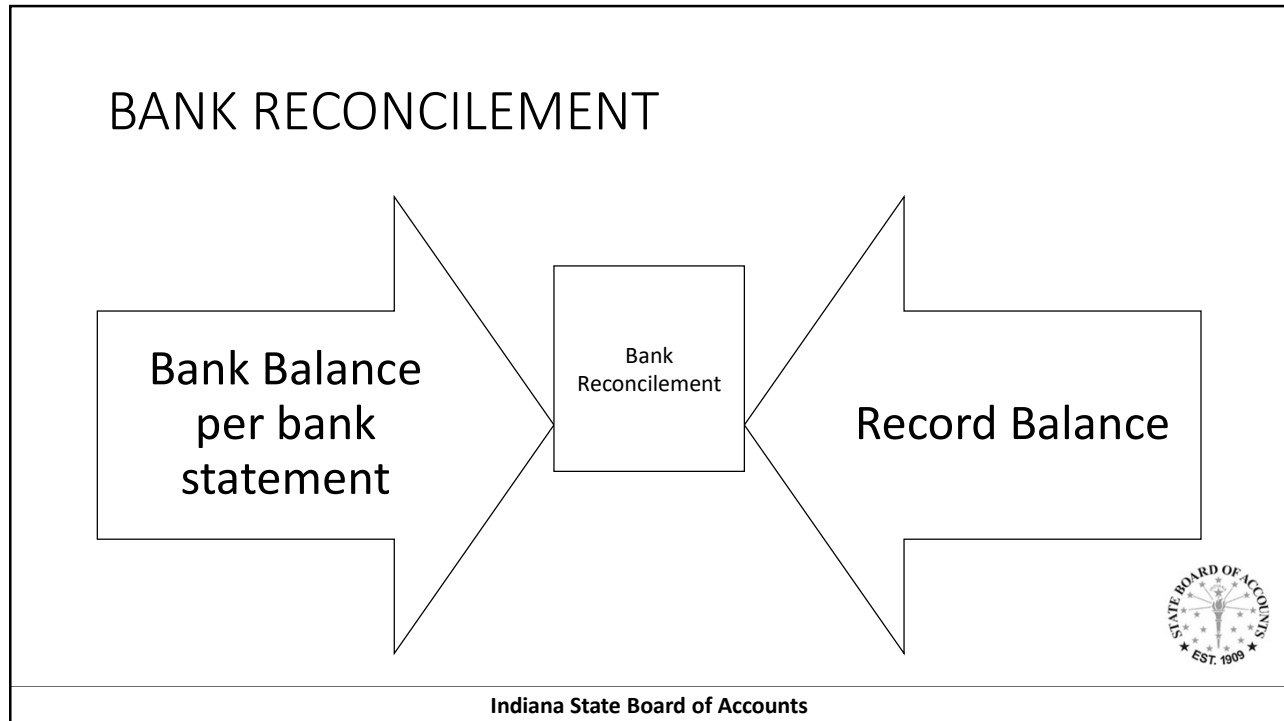
## Reconcile between Records and Bank

- The ledger is your record balance.
- There will be timing differences between your records and bank
  - Deposits in transit
  - Outstanding checks
  - Credit cards
  - Interest earned/bank fees charged
  - NSF checks
- To be reconciled, you must be able to identify and support any variances between the bank and your records.



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## Bank Reconciliation Steps

- Step 5: Compare adjusted bank balance to ledger balance
- If the two balances don't match determine why:
  - Receipts on the ledger don't match deposits
  - Disbursements on the ledger don't match the check amounts
  - Adjustments were made that were not posted. A transfer from Inmate Trust to Commissary did not get posted as an example.
- All variances need to be identified, investigated and corrected.



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## Bank Reconciliation

- Start with the bank balance on the bank statement
- Add adjustments for timing differences
  - Deposits in Transit
  - Outstanding checks
- Add adjustments for posting errors
  - Interest not posted
  - Bank fees not posted
  - Posting errors found on ledgers – need to be corrected
- Add adjustments for bank errors – need to have bank correct



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## Audit Expectations

- Collections are remitted properly
- Ledgers are posted timely and accurately
- Bank Reconciliations are current and complete
- Receipts are posted properly
- Disbursements have supporting documentation
- Record Retention



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## Remote Audits

- Communication through phone, email and video chats
- Use of Gateway
  - Monthly Uploads
  - Direct Requests
- Please acknowledge if you receive a request
- Provide time frame for response
- May receive questionnaires on Internal Controls



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# Posting and Reconciling

Examples



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