ECA Training
Indiana Association of School Principals
Chase Lenon, CPA
Jonathan Wineinger
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
YouTube Video

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

• “General Fund” of ECA

• Should include receipts from functions not generated by a specific group

• Exception noted in Chapter 6 of ECA manual
Exception to Student Activity Funds Compliance Requirement

- The State Board of Accounts' audit position is as stated above. However, we will not take audit exception to a school having disbursements from an extra-curricular "general fund" or "student activity fund" for authorized school corporation type expenditures, such as equipment, supplies, etc., with the following conditions:

1. A policy has been adopted by a school board in a public meeting authorizing these types of expenditures.
2. Providing there are no objections from a majority of an applicable student body to these types of expenditures.
3. Equipment purchases would still require separate approval from the local school board.
Teacher Funds

• Our prior audit position disallowed staff funds to be accounted for in the extracurricular records. We have recently revised our opinion and we will not take exception to an extracurricular account established for staff funds.


• This change in position does not affect our position on outside organizations, such as booster groups, parent teacher organizations etc.... There should not be any outside organizations’ funds accounted for in the extracurricular records.
Claim for Payment form SA-7

• The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used.
  • Ex: purchases from delivery salesmen, services of officials at athletic events, etc...

• Claims should be prenumbered and filed in numerical sequence.
Purchase Order / Accounts Payable Voucher form SA-1

• The Purchase Order (SA-1) shall be used when a purchase is made for delivery at a later date.
  • Ex: everything that the claim for payments are not used for!

• POs should be prenumbered and filed in numerical sequence.

• When invoice received compare voucher form to invoice and shipment before payment.
COVID-19 Information

- Executive Orders
- Memos
- Directive 2020-1
Where To Find Executive Orders

https://www.in.gov/gov/gov/2384.htm
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
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
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

Written policies/actions

- Maintain operations as normal as possible
- Maintain wellbeing of employees & public
MEMO – Coronavirus Items to Consider – March 16, 2020

Items to Consider

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

• What work can be done remotely / what needs to be done at a government location
MEMO – Coronavirus Items to Consider – March 16, 2020

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
MEMO – Coronavirus Items to Consider – March 16, 2020

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
MEMO – Assistance During COVID 19 – March 31, 2020

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.
MEMO – Continuity of Essential Operations – April 3, 2020

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
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)
Signature Stamps – Historical Position

- The decision on whether the number of items to be signed justifies the use of a rubber stamp or other device, including computer image signatures, for affixing a signature must be made by each public official responsible for signing warrants, claims, and other official documents.

- A rubber stamp or other signing device should be used only under the personal direction of the public official and should be properly safeguarded when not in use since each official is responsible for his or her own signature.
MEMO - COVID Accounting and Appropriations – April 29, 2020

• Assistance provided as a result of the Public Health Emergency (PHE) – Accounted for in a separate fund

• COVID should be in the fund name
MEMO - COVID Accounting and Appropriations – April 29, 2020

• Expenses should be tracked  
  • Supporting Documentation kept

• If already received assistance, can make correcting entries to adjust activity to new fund.
MEMOS - Conclusion

Keep monitoring; things are fluid
Work with your attorneys
Document policies/actions in writing
State Examiner Directive 2020-1

Timely Deposit of Funds

Approval of Claims
Directive 2020-1  DEPOSITS

Timely Deposit of Funds

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

Deposits and Accounts

• IC 20-41-1-9

• Deposit all receipts in one bank

• Deposit without unreasonable delay
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
OMB Memo

Includes guidance on allowability of costs charged to federal programs, reduced SAM website requirements etc...

Miscellaneous Coronavirus Information

• IDOE Memo
  • Includes guidance on accountability waivers and FAQs.

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”
Best Practices - Bank Account Reconcilements (ECA)

• Are there written policies documented?

• What procedures are in place information reported is correct?

• Is there a segregation of duties?

• Are monthly reports properly monitored?
Best Practices - Credit Card Purchases

• Did the school board approve the use of a credit card?

• What happens when credit card policy is not followed?

• Is there a segregation of duties?
Best Practices - Disbursing Activities

- Are written policies documented?
- Is there a segregation of duties?
- Are disbursements properly supported?
Best Practices - Overdrawn Cash and Investment Balances

• What policies are in place to review cash and investment balances?

• Some procedures may overlap with other areas
Best Practices - Prepaid Meals

• Are there written policies documenting internal controls over the handling of prepaid meals?

• Is there a segregation of duties?

• Has fund 8400 been established?

• Have individual meal accounts been established for each student?
Best Practices - Receipting Activities

• Are the written policies documenting internal control procedures over receipting activities?

• Is there a segregation of duties?

• Is an approved or prescribed receipt form used?

• Is a monthly review of receipts performed?
Audits in a Remote World
Remote Audits – Tips and Tricks

• Auditors working 99% from home

• Requests to come via email/phone
  • Virtual meetings available via WebEx or Teams
  • Documentation to be uploaded in Gateway (no email!)
Remote Audits – Tips and Tricks

• Explain what your COVID-19 protocol is

• Please acknowledge requests when received
Remote Audits – Tips and Tricks

- Documents sent prior to audit should be completed as quickly as possible.

- Ensure you are uploading monthly in Gateway.
Remote Audits – Tips and Tricks

- Remote auditing is new to us too!!
  - Please be patient

- Our auditors enjoy being onsite and we hope to get back to this eventually
• Q. How much may a school corporation charge for curricular materials rental on materials approved for extended use?

• A. IC 20-26-12-2(b)....not to exceed 25% of the retail price
Q. How do I handle refunding funds that were raised by students to assist in paying for trips?

A. We recommend consulting with the school attorney and following the legal advice provided as well as any policies adopted by the school board. Legal advice should be in written form. The school corp. may apply the general policies in the March 12, 2020 memo.
Q. What can the interest earned on ECA Accounts be used for?

A. IC 20-41-1-9 states the interest earned from the investment may be used for (1) a school purpose approved by the principal and (2) An extracurricular purpose approved by the principal.
Q. Can a school use an online payment system to pay officials?

A. State Board of Accounts will not take exception to the payment of athletic officials using an online payment system with the following conditions..... (December 2013 School Bulletin, Page 9)
Recent ECA Audit Report

https://www.in.gov/sboa/WebReports/B54425.pdf
Example Finding

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation adopted the internal control standards as required by Indiana Code. The School Corporation certified in the Indiana Gateway for Government Units financial reporting system that they had trained all employees on those internal control standards. However, there was no documentation that new hires, since July 1, 2017, had received the internal control standards training.

Criteria

Indiana Code 5-11-1-27(g) states in part,

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

(2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."
Components of Internal Control

• **Control Activities**
  • Actual procedures performed

• **Risk Assessment**
  • Where could things go wrong?

• **Information and Communication**
  • If things go wrong, do you know?

• **Monitoring**
  • It needs to be continuous process

• **Control Environment**
  • ‘Tone at the top’
Website Overview

https://www.in.gov/sboa/4449.htm
Contact Information

Chase Lenon, CPA
Jonathan Wineinger
Directors of Audit Services

Schools.townships@sboa.in.gov
317-232-2512
Questions?