'I don’t need to know everything. I just need to know where to find it when I need it.’

Albert Einstein
SBOA Website

www.in.gov/sboa

Indiana State Board of Accounts 2020

SBOA YouTube – Videos for Newly Elected Officials

Newly Elected Officials Training

1. Overview and Introduction to SBOA
   - Handout
2. Getting Started in the Office
   - Handout
3. Public Official Bonds
   - Handout
   - Department of Insurance (GOI) Official Bond Schedule
   - GOI Individual Public Official Bond
   - GOI Public Official Name Schedule Bond
   - Indiana Code (IC) 5-5-1
   - Updated Bond Bulletin
4. Bank Reconciliations
   - Handout
5. Obtaining Gateway Access
   - Handout
6. Monthly Uploads in Gateway
   - Handout

7. Annual Uploads in Gateway
   - Handout
   - Gateway User Guide
8. Uniform Compliance Guidelines
9. Getting Started with Internal Controls
   - Handout
   - Internal Control Certification
   - IC 5-11.1-27
   - Uniform Internal Control Standards Manual
10. City and Town Internal Controls
    - Handout
11. Importance of Local Policies Part 1
12. Importance of Local Policies Part 2
    - Handout
13. What to Expect from an Audit
    - Handout
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SBOA YouTube – Other Videos

SBOA Training Videos
6 videos • 495 views • Last updated on Nov 21, 2019

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SBOA – Cities and Towns Manual

Accounting & Uniform Compliance Guidelines Manual for Cities and Towns

Chapter 1 – Form Approval, General Information, Local Policies, Deposits and Investments

Chapter 2 - Definitions, Accounting Principles, Fund Accounting, Appropriation Requirements, Transfers of Appropriations, Special Circumstances such as refunds, insurance recoveries, reimbursement grants, etc.

Chapter 3 – The Accounting Plan, including the Chart of Accounts

Chapter 4 – Fund Sources and Uses

Chapter 5 - City and Town Court Funds

Chapter 6 – Forms

Chapter 7 – Calendar of Monthly Duties (& other info)
SECTION ONE
Minimum Level of Internal Control Standards
- Five Components
- Seventeen Principles

SECTION TWO
Approved Training Materials
- Video Presentation
- Examples
- Case Studies
Internal Control Training

- **www.in.gov/sboa**
- **Navigate to ‘cities’ or ‘towns’**
- **Scroll down to** Internal Control Standards
- **Then** Training
- **Find this**

State Examiner Directives

- **Eight** State Examiner Directives apply to Cities and Towns
- **Examples:**
  - Accounting for MVH Fund
  - Monthly and Annual Engagement Uploads
  - Moving Traffic Violations
  - Materiality Threshold for reporting irregular variances, losses, shortages, and thefts
  - GAAP Annual Financial Reports
- **Located on the Cities or Towns page:** www.in.gov/sboa
Key Contacts

Contacts – Indiana Auditor of State
www.in.gov/auditor  317-232-3300
Contacts – Department of Local Government Finance
www.in.gov/dlgf

www.in.gov/dlgf/files/Budget_Field_Reps.pdf
Contacts – Public Access Counselor
www.in.gov/pac      800-228-6013

Mission Statement
The Public Access Counselor provides advice and assistance concerning Indiana’s public access laws to members of the public and government officials and their employees.

Resources
- Formal Complaint Form
- Sample Notice of Intent to Complain
- Sample Request for Records Letter
- Sample Public Records Requestor Resource Letter
- Public Records Requestor Guide for Requesters

Contacts – Indiana Archives & Records Administration
www.in.gov/iara      317-233-1713

Current contact:
Beverly Stiers
317-232-3661
bstiers@iara.in.gov
Contacts – Indiana Department of Labor
www.in.gov/dol

Wage & Hour Division
317-232-2655

Or

U.S. Department of Labor
www.dol.gov

Indy office
317-226-6801

Contacts – Indiana Department of Revenue
www.in.gov/dor

Sales tax:
317-232-4015

www.in.gov/dor/3473.htm
Key Contacts - SBOA

Todd Caldwell / Susan Gordon
Directors of Audit Services

cities.towns@sboa.in.gov 317-232-2513

gateway@sboa.in.gov

Indiana State Board of Accounts
302 W. Washington St., Rm E418
Indianapolis, IN 46204

Official Duties

Official Duties of the
City Clerk,
Clerk Treasurer, and Controller
City Clerk & City/Town Fiscal Officer Duties

**IC 36-4-10-4**  
City Clerk: 2nd class Cities

**IC 36-4-10-4.5**  
Clerk-Treasurers: 3rd class Cities

**IC 36-4-10-5**  
Controllers: 2nd class Cities

**IC 36-5-6-6**  
Clerk-Treasurers: Towns

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City/Town Fiscal Officer Duties

As a city clerk in a 2nd class city, duties include:

- Serve as clerk of the legislative body
- Maintain all records required by law
- Keep the city seal
- Administer oaths when necessary, without charging a fee
- Take depositions, without charging a fee
- Take acknowledgements of instruments without charging a fee
- Serve as clerk of city court (if judge doesn’t & doesn’t appoint one)

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City/Town Fiscal Officer Duties

As a city or town fiscal officer, duties include:

- Receive and care for all city/town money
- Keep accounts showing receipts and disbursements
- Prescribe payroll and account forms for all offices
- Prescribe the manner in which creditors, officers, and employees are paid
- Prepare budget estimates

Fiscal officer duties continued:

- Issue licenses and collect fees fixed by statute or ordinance
- Serve as clerk of the legislative body (council) by attending meetings & recording its proceedings
- Serve as clerk of city/town court if
  - Judge does not serve or
  - A court clerk is not appointed by the judge
- Perform all other duties prescribed by statute
What to Expect and How to Prepare for an Audit

Todd Caldwell
Susan Gordon
Directors of Audit Services
Indiana State Board of Accounts

SBOA – An Overview

What is the State Board of Accounts?

- Audits the records & accounts of all state and local governmental units
- Prepares reports indicating the financial condition of these units & noting any noncompliance with laws.
- Prescribed uniform system of accounting
“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.”
Goals of the Engagement

• **Financial Statement Opinion**
  - Unmodified, or “clean” opinion, lets readers know the information is materially correct
  - Modified opinion lets readers know there are issues that need to be taken into consideration when it comes to the information presented

• **Audit Findings - Inform the reader of Noncompliance**
  - Federal: Section II (Financial Statement Compliance); Section III (Major Program Compliance)
  - State: Audit Results and Comments (substantial and impactful to the unit/public)

• **Management Letter**
  - Noncompliance with State Statute or Uniform Compliance Guidelines (significant, but less than substantial and impactful to the unit/public)

Initial Contact

• **Initial contact from Field Examiner**
• **Forms to complete**
  - Form 7 – Understanding the Design and Implementation of Internal Controls
  - Form 9 – Understanding the Entity and Its Environment
  - Form 45 – Understanding of Controls of Significant Audit Areas
  - Form 13 – Management Oversight of Non Audit Services
SBOA – Work Location

**On-site**
- conducted at city/town offices

**Off-site**
- conducted at another location
- “Box audit”

**Centralized Remote**
- Audits conducted at a centralized location
- Records electronically transmitted to SBOA through Gateway

Entrance Conference

**Who is invited?**
Those charged with governance – Council President
Management – Fiscal Officer: Clerk-Treasurer or Controller
Entrance Conference

What is discussed?

- Introduction to the Field Examiners working on the audit
- General overview of:
  - Audit Objectives
  - Management Responsibilities
  - Audit Procedures (general, internal control, compliance)
  - Informing Management of general records that will be requested
  - Start date & expected issuance date
- Established Method for Continued Communication
- Answers to any Questions Asked

Records Needed

- Financial Ledger
- Bank Statements and Reconcilements
- Claims / Receipts / Supporting Documentation
- Minutes of Meetings (include to current date)
- Ordinances / Resolutions
- Contracts
- Policies and Procedures – including Internal Controls
- Financial Reports – filed with State and/or Federal Government
- Grant Documents
  - Federal
  - Grant Applications and Agreements are key
- Other
Single Audit of Federal Programs

- Schedule of Expenditures of Federal Awards (SEFA)
- Generated from Gateway Grant Schedule
- Expenditures Greater than $750,000
- Selection of Major Programs
- Audit of Major Programs

Field Work

- Importance of Internal Control Procedures
- Financial Statements
- Notes to the Financial Statements
- Compliance
Concluding Field Work

Determine Opinions

Indiana State Board of Accounts 2020

Concluding Field Work

Compile Comments

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Concluding Field Work - Report Contents

- Cover Page
- Schedule of Officials
- Independent Auditor’s Report
- Financial Statement & Accompanying Notes
- Other Information - Unaudited
- Other Reports

Compile Management Letter

TO: THE OFFICIALS OF THE TOWN OF CALDWELL, GORDON COUNTY, INDIANA

The Indiana State Board of Accounts is providing this letter to communicate certain matters noted during our audit related to noncompliance with applicable laws and/or standards. Our audit covered the period January 1, 2019 to December 31, 2019.

The matters noted below describe identified instances of noncompliance found during our audit. Where noted, we are committed to working with the Town to ensure compliance. Continued noncompliance could result in the matters noted being reported in our next report.

ANNUAL FINANCIAL REPORT

The annual financial report for the town was submitted on March 5, 2017, which was eight days past the due date.

Indiana Code 5-11-4-61 states:

The state auditor shall require from every municipality and every county or local governmental unit, city, town, or institutionally controlled governmental body, the full amount of each financial report. The reports shall be filed in the office of the state auditor on or before the date prescribed by the state auditor and filed electronically in the manner prescribed under A.R. 14-1.5-1.4.

This communication is intended solely for the information and use of management and officials within the organization, and is not intended to be, and should not be used for, any other than those specified parties.

Respectfully,

Paul D. Jones, CPA
State Auditor

October 18, 2017
Exit Conference

• Who is invited
• What is discussed
• Options to respond

Audit Report Issuance

Who gets a copy of reports?

- Official(s) examined
- President of governing bodies
- Other Requested Officials

Audit Reports Posted to Website:
https://secure.in.gov/apps/sboa/audit-reports/#/
Contact with SBOA Before and After Audit

- In-person training sessions
- Individual questions via phone or email
- Webex Meetings
- YouTube Videos
- Manuals
- Quarterly Bulletins
- Emails through SBOA Communications

Take Aways

- Review prior audit report and take care of any audit findings
- Gather records for audit, including any explanations for unusual items
- Make sure monthly and annual uploads are up to date
- Come to our Training Sessions
- Keep in Touch
  - Call or Email us
  - Get on the mailing list by contacting communications@sboa.in.gov.
Other Items

Other Items – Conflict of Interest
IC 35-44.1-1-4

• “A public servant who knowingly or intentionally has a pecuniary interested in or derives a profit from a contract or purchase connected with an action by the governmental entity served commits a conflict of interest...”

• Statutory provisions for when a disclosure should be filed and the type of information required in the disclosure.

• SBOA is the repository for disclosure statements
  ➡️ file through the Gateway SBOA application

*Seek the advise of an attorney for a determination on whether disclosure is needed or whether information disclosed is sufficient*
### Other Items – Nepotism Policy

**IC 36-1-20.2**

1. “Individuals who are relatives may not be employed by a unit in a position that results in one (1) relative being in the direct line of supervision of the other relative.” (underlining added)

2. Nepotism Policy must be adopted by Council
   - policy must include the requirements set out in IC 36-1-20.2
   - policy may contain more stringent standards

3. Uploaded with the 100R – SBOA application in Gateway

### Other Items – Contracting With a Unit Policy

**IC 36-1-21**

“A unit may enter into a contract or renew a contract for the procurement of goods and services or a contract for public works with: (1) an individual who is a relative of an elected official; or (2) a business entity that is wholly or partially owned by a relative of an elected official; only if the requirements of this section are satisfied and the elected official does not violate IC 35-44.1-1-4.” (underlining added)

1. Disclosure Requirements – IC 36-1-21-5
2. Annual Certification – IC 36-1-21-6
   - Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year.

3. Uploaded with the 100R – SBOA application in Gateway
**Reporting Losses, Variances, and Thefts**

IC 5-11-1-27(j)

“All erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the state board of accounts.”

**State Examiner 2015-6**

“Political subdivisions must recognize that variances, losses, shortages, and thefts may occur. If an incident occurs, it is imperative that the political subdivision have a policy in place that outlines the steps to be taken. Such a policy must include a materiality threshold at which point the political subdivision reports incidents to the State Board of Accounts.”

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**Reporting of Misappropriation**

- **IC 5-11-1-27(l)**

  Misappropriation of public funds (loss or theft by public official) is to immediately be reported in writing to:
  - SBOA
  - County Prosecuting Attorney

- **No materiality threshold** for misappropriation of public funds
Todd Caldwell
Director of Audit Services

Susan Gordon, CPA
Director of Audit Services

cities.towns@sboa.in.gov

317-232-2513