Financial Assistance to Non-Governmental Entities

Gateway Reporting by Cities/Towns and the Non-Governmental Entity

**Procured Audit Services - Personnel**

- **Leann W. Tinsley, CPA**
  - SBoA employee since 1981
  - Prior audit experience includes cities, schools, hospitals, townships, counties, and universities.
  - Email address – ltinsley@sboa.in.gov

- **Ashley Palmer**
  - SBoA employee since 2014
  - Prior experience includes Procured Audits Division.
  - Email address – aspalmer@sboa.in.gov
Procured Audit Services - Responsibilities

• IC 5-11-1-7 allows the State Examiner to authorize or designate an independent public accountant to perform the examination/audit that is the responsibility of the State Board of Accounts

• Currently independent public accountants perform audits for the following:
  • Housing authorities
  • Military reuse authorities
  • Certain State Agencies

Procured Audit Services - Responsibilities

• IC 5-11-1-4 requires annual financial reports from entities
  ✓ Gateway is the method to file
• IC 5-11-1-9 requires audits of the entities if the disbursement level of public funds meet statutory thresholds
• Thresholds requiring an audit: $200,000 of governmental funds disbursed AND 50% of entity’s total disbursements being government funds.
Procured Audit Services - Responsibilities

“Entity” is defined as a provider of goods, services, or other benefits maintained in whole or in part at public expense, or supported by appropriations, public funds, or taxation.

Does not include agencies of the state, local governments, or quasi-governments.

- For-profit corporations
- Not-for-profit corporations
- Unincorporated:
  - Associations
  - Organizations
  - Individuals

September 2016 Cities & Towns Bulletin

FINANCIAL ASSISTANCE TO NON-GOVERNMENTAL ENTITIES

Cities/Towns providing financial assistance to non-governmental entities are required to notify those entities annually in writing the following information:

1) The Entity Annual Report (E-1) filing requirement established by IC 5-11-1-4 and the audit requirement established by IC 5-11-1-9;

2) The source(s) of the funding provided:
   a) Local and/or state funds (in the case of subsidies, contributions, or general aid),
   b) Federal grants passed through including the formal name of the program and CFDA number, or
   c) Fee for service arrangements,
3) The State Board of Accounts may request documentation to support the categorization of the financial assistance,

4) The E-1 is not to be confused with the Secretary of State’s Business Entity report, and

5) The entity may obtain additional information from the State Board of Accounts at notforprofit@sboa.in.gov

---

**Fee for Service vs. Financial Assistance**

**Fee for Service**

- Amount paid is predetermined per unit of service performed
- Claims for payment submitted after service performed with units of service provided documented
- Total amount paid in contract period not subject to adjustment if actual cost of providing service is different from agreed upon price

**Financial Assistance**

- Claims for payments are scheduled as to when provided – monthly, quarterly, etc. or assistance is provided in advance potentially with additional reporting requirements
- Total amount paid in contract period can vary subject to any maximums stipulated or other funding mechanisms agreed upon
Financial Assistance – Additional Characteristics

- Amount paid provides a service to the public on behalf of the City/Town
- Service provided often not easily measured
- Relationship between City/Town and entity more like a partnership or joint venture with shared purpose rather than vendor/vendee relationship
- Each party heavily dependent on the other for success and continuation of program or objective

City/Town reporting of Financial Assistance to Non-Governmental Entities – Annual Financial Report

Non-Governmental Entities’ reporting of Financial Assistance received – E-1 Entity Annual Report
All financial assistance given to non-governmental entities is reported here under Core Reporting.

Information Requested

1) **Entity Name**
2) Federal Tax ID
3) Address
4) **County**
5) Name of Operating Officer
6) Telephone Number
7) Description of Funding
8) **Amount of Funding**
9) **Type of Nongovernmental entity**
In Future Years

Description of funding (# 7) on the prior slide will be a required item:

The following types of assistance will be available from a drop-down box:

1) Federal grant passed through State or Local Government
2) Fee for Service
3) State and Local

E-1 Information Requested

1) Section I – Entity Information: pre-populated with information previously obtained
   a) If changes are needed, email us at notforprofit@sboa.in.gov
   b) Please provide the independent public accountant’s email address

2) Section II – Financial Information: Lines 1 and 2 auto-fill from the records placed in Section III, but you must enter the entity’s total disbursements on line 3 first.
E-1 Information Requested

3) Section III – Detail of Government funds, add as many records as needed. Information requested includes:
   - a) Gov’t agency name and address
   - b) Program title
   - c) Amount received and disbursed
   - d) CFDA number
   - e) Sources of Government Funds from a drop-down menu:
     1) Direct federal grant
     2) Federal grant passed through State or Local Government
     3) Fee for Service
     4) State and Local

You will receive an email after State Board of Accounts personnel review your E-1.

- An audit is required
- Tentative audit waiver is given with additional information requested
- Reclassification Notice Sent
  - Amounts inputted into Section III have been reclassified based upon the source and nature of government funds received.
Even More Information

- All requested documentation is to be uploaded into Gateway
- If you qualified for a waiver in the prior year and believe you will again, upload the same supporting information for the current year as in the prior year when filing the E-1

Procured Audit Services - Personnel

- Leann W. Tinsley, CPA
- Ashley Palmer

- ltinsley@sboa.in.gov
- aspalmer@sboa.IN.gov