IAPSS Region Meeting

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Contact Information

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STATE BOARD OF ACCOUNTS

- Created in 1909 in response to widespread public corruption

- Mission Statement
  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.

- Responsibilities
  - Perform examinations of governments, political subdivisions, and other entities receiving public funds
  - Various other duties including providing uniform guidelines, training, and consulting for officials
COVID-19 Federal Funding Resources

• Coronavirus Aid, Relief, and Economic Security Act 2020 (CARES)
  • Added by Sec. 5001 of the CARES Act.

• American Rescue Plan Act (ARP) of 2021
  • Added by Sec. 9901 of the ARP Act.
SBOA Website - https://www.in.gov/sboa/

- Summaries of the Acts
- Allocations
- State Examiner Directives
- Accounting Processes
- Applicable statutes
- Audit Positions
- Recommended Policies
- FAQs
- Other resources from the Federal government and other State Agencies

COVID-19 Resources

- American Rescue Plan (ARP) Act Information
- Coronavirus Aid, Relief, and Economic Security (CARES) Act Information
Accounting for Reimbursement Grants

• Each grant must be accounted for in a separate fund.

• Supporting Documentation must be kept.
What If I Spent Out of a Non-COVID Fund?

• Ex: purchased COVID item from Operations Fund

• Option 1: Correction of error.
  • Reverse entry to reinstate fund balance and re-appropriate.
  • Post disbursement in COVID grant fund
What If I Spent Out of a Non-COVID Fund?

• Option 2: Claim created
  • Deposit reimbursements into COVID grant fund.
  • Create Claim against COVID grant fund in favor of Operations fund.
  • Pay back Operations Fund.
COVID Grants Misc

• Will not take exception to a negative grant fund IF you show reimbursement documentation equaling the negative balance of the fund.

• Reimbursements must be claimed on a timely basis.

• Be careful to only spend funds on allowable items. Read the grant agreement!
SBOA “Contracting-Out” Audits

• Due to the massive amount of federal funds distributed due to the CARES and ARP Acts, we expect most units will have a federal audit requirement in 2020.

• State Examiner has authority to contract with CPA firms to perform audits in lieu of SBOA staff.

• The audit fees paid by schools will not increase as a result.
SBOA Fees – IC 5-11-4-3

- **Taxing Unit Rate:** $175/day ($23.33/hour)
- **Full Cost Rate**: $712.50/day ($95/hour)
  - *The full cost rate is the amount we would need to bill to each unit of government to be fully funded*
- **Processing Fee:** $95 to $2,990 depending upon unit/engagement

- CPA firm rates are higher than our full-cost.

- **We are subsidizing these audits.**
  - Amount SBOA pays to CPA firm:
    - (CPA firm rate - SBOA Full Cost) = SBOA cost.
On-Site Auditing Memo

• Memo sent on April 7\textsuperscript{th}, 2021.

• State Examiner relayed that starting April 12\textsuperscript{th}, 2021 - examiners will plan to be on site at least 2 days per week.
Directive 2020-1 – RESCINDED

• Timely Deposit of Funds:
  • Not allowed to limit depositing to twice a week.

• Approval of claims:
  • Cannot approve claims for payment in advance of board allowance.
Daily Deposit Law

• IC 5-13-5-1 – All Public funds must be deposited not later than the next business day.

• Deposit in same form as received. Post receipts daily.

• Exceptions: If funds on hand are less then $500 - IC 5-13-6-1(g).
ECA Deposits

• IC 20-41-1-9

• Deposit all receipts in one bank

• Deposit without unreasonable delay (1 week)
Approval of Claims

• IC 5-11-10-1.6:
  • Cannot draw warrant for payment of claim unless: Payment of the claim is allowed by the school board.

• Exceptions known:
  • State-run technology program (20-20-13).
  • Paying indebtedness.
  • Payments due to the State or United States.
• Historically, the source of the financial statements have been from IDOE’s Form 9.

• Starting in 2021, SBOA will be collecting financial information in the AFR, due August 29th.

• Subpoenas will be sent if not submitted timely!
Monthly Uploads

• **Amended Directive**

• **Monthly Additions**: Bank Statements, Outstanding Check List.

• **ECA uploads** have not changed at this time.
Student Engagement Policy

- Bulletin Article page 4 -

- 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.
Residency Verifications (ADM)

• IDOE modified position: Highly Recommended.

• We will audit to what the school’s local policy says.

• Necessary to consider the effect the policies have on the schools’ system of internal controls.
Internal Controls

- IC 5-11-1-27
  - 1. Adopt minimum standards
  - 2. Train *Personnel* defined in IC 5-11-1-27(c)

- Next steps? Creating an Internal Control Policy!
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’
Rainy Day Fund (RDF) - Resolution

• IC 36-1-8-5.1
  • Must specify the **Purposes** of the RDF.
  • Must specify the **Sources** of funding for the RDF.

• If referring to a board policy ➞ it **must be** a specific policy.
  • If referenced with a date a policy was passed you may have to modify the resolution.
Gateway Updates (ECA Closure)

• If an ECA is combined or closed, you must notify SBOA.

• ECA Risk Reports should be filed for each year financial activity occurred.

• In the final year of operation, the ECA should report $0 cash balances in every fund in Gateway.
ECA Activity included in School’s Financial Statements


- Financial Statements will be presented based upon Fund type.
<table>
<thead>
<tr>
<th></th>
<th>Special Revenue Funds</th>
<th>Debt Service Funds</th>
<th>Capital Projects Funds</th>
<th>Permanent Funds</th>
<th>Enterprise Funds</th>
<th>Other Funds</th>
<th>Totals</th>
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<tbody>
<tr>
<td>Cash and investments - beginning</td>
<td>$1,179,237</td>
<td>$1,574,752</td>
<td>$1,046,201</td>
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<td>$1,672,910</td>
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<td>Receipts</td>
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<tr>
<td>Local sources</td>
<td>1,363,698</td>
<td>357,468,126</td>
<td>3,371,371</td>
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<td>362,820,859</td>
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<td>State sources</td>
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<td>12,497</td>
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<td>273,780</td>
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<td>Federal sources</td>
<td>767,285</td>
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<td>1,024,071</td>
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<td>1,791,356</td>
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<td>Temporary loans</td>
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<td>Other receipts</td>
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<td>5,036,925</td>
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<tr>
<td>Total receipts</td>
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<td>3,372,323</td>
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<td>1,623,732</td>
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<td>671,210</td>
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<td>Support Services</td>
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<td>1,455,529</td>
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<td>9,913</td>
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<td>Noninstructional services</td>
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<td>1,536,644</td>
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<td>1,448,327</td>
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<td>Nonprogrammed charges</td>
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<td>1,069,303</td>
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<td>Interfund loans</td>
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<tr>
<td>Total disbursements</td>
<td>2,343,195</td>
<td>3,060,623</td>
<td>2,903,856</td>
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<td>1,548,557</td>
<td>1,989,363</td>
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<td>Excess (deficiency) of receipts over disbursements</td>
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<td>354,437,303</td>
<td>468,467</td>
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<td>77,175</td>
<td>3,967,170</td>
<td>358,999,196</td>
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<td>Proceeds of long-term debt</td>
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<td>14,324</td>
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<td>Transfers in</td>
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<td>74,378</td>
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<td>74,378</td>
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<td>Transfers out</td>
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<td></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(71,402)</td>
<td>-</td>
<td>(71,402)</td>
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<tr>
<td>Total other financing sources (uses)</td>
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<td>14,324</td>
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<td>-</td>
<td>14,324</td>
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<tr>
<td>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</td>
<td>49,081</td>
<td>354,451,627</td>
<td>460,407</td>
<td>-</td>
<td>77,175</td>
<td>3,970,146</td>
<td>359,016,496</td>
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<tr>
<td>Cash and investments - ending</td>
<td>$1,228,319</td>
<td>$366,036,379</td>
<td>$1,513,688</td>
<td>-</td>
<td>$1,759,895</td>
<td>$6,542,166</td>
<td>$367,060,636</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this document.
<table>
<thead>
<tr>
<th>Post-Retirement/Severance</th>
<th>Employee Benefit</th>
<th>Extracurricular Activity</th>
<th>Clearing Account</th>
<th>Total Other Funds</th>
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<tbody>
<tr>
<td>Withholdings</td>
<td>Benefit</td>
<td></td>
<td></td>
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<tr>
<td>Cash and investments - beginning</td>
<td>$3,961,866</td>
<td>$2,315,638</td>
<td>$257,219</td>
<td>$7,493</td>
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</tbody>
</table>

**Receipts:**
- Local sources
- Intermediate sources
- State sources
- Federal sources
- Temporary loans
- Interfund loans
- Other receipts 2,365,316, 1,912,726, 931,864, 74,068 = 1,005,932

**Total receipts** 2,355,315, 1,912,726, 931,864, 74,068 = 5,273,972

**Disbursements:**
- Current
  - Instruction
  - Support services
  - No instructional services
  - Facilities acquisition and construction
  - Debt services
  - Nonprogrammed charges 2,347,386, 2,094,501, 932,261, 66,883 = 5,441,131
  - Interfund loans

**Total disbursements** 2,347,386, 2,094,501, 932,261, 66,883 = 5,441,131

**Excess (deficiency) of receipts over disbursements** 7,929, (181,776), (397), 7,086 = (157,159)

**Other financing sources (uses):**
- Proceeds of long-term debt
- Sale of capital assets
- Transfers in
- Transfers out

**Total other financing sources (uses)**

**Excess (deficiency) of receipts and other financing sources and other financing uses** 7,929, (181,776), (397), 7,086 = (157,159)

**Cash and investments - ending** $3,969,796, $2,133,832, $266,822, 14,578 = $6,375,027
SBOA Email List

• We have changed the way we communicate. If you have not done so already, please sign up for email communications on our website
  • https://www.in.gov/sboa/7130.htm.

• The ‘From’ Addresses will appear as Indiana@subscriptions.in.gov or Schools.Townships@subscriptions.in.gov.
IC 5-11-1-27(j)

Report to SBOA immediately all material:
  • Variances,
  • Losses,
  • Shortages, or
  • Thefts

of funds or property

(Any suspected theft or fraud should be reported)
https://www.in.gov/sboa/political-subdivisions/schools/
Questions?