



IASBO Region 8

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Audit Services

CONTACT INFORMATION



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SBOA - Federal Audit Specialists



- Currently a Pilot Program
- “Federal Specialists”
 - Likely smaller Audit Teams
 - Federal Audit and Financial Audit
- Separate reports for (1) Financial and (2) Federal Audits
 - (3) Compliance reports will still be issued

Monthly Uploads



- State Examiner Directive 2018-1

- <https://www.in.gov/sboa/files/Directive%202018-1.pdf>

- More efficient and less costly audits.
- Proactively identify problems.

ECA Subpoenas



- Sent on October 17th
- We use this information in Gateway.
- Last year was the first year we sent Subpoenas for ECA Risk Reports.

Monthly and Annual Uploads



- Engagement Strategies
 - Same group doing **remote audits** responsible for monitoring and requirements for uploads.
- EngagementStrategies@sboa.in.gov

ECA Audits



• SBOA plan

- ECA with receipts greater than \$1,000,000 will be examined during the school corporation audit by the assigned field examiners
 - For 2016 Report 76 ECAs
- ECA with receipts between \$1,000,000 - \$100,000 will be examined by a centralized compliance process
 - For 2016 Report 682 ECAs
 - Will be done on a 4 year rotation coinciding with the School Corporation audit
- ECA with receipts less than \$100,000 and not having a specific risk identified will have **Centralized review process**
 - Approximately 10% of total statewide ECA activity

Staff 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.
- IC 20-41-1-7 states in part: "The treasurer has charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ."

Fundraisers



- ~~Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fundraiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials.~~
- School Board would also need to approve/accept donations to be received.

New School Chart of Accounts



- Effective and on our website
 - Questions?
 - Crosswalk:
<https://www.in.gov/sboa/files/Fund,%20Receipt%20and%20Expenditure%20Accounts%20and%20Object%20Codes.xlsx>
- Rainy Day Fund
 - IC 20-40-18-4(b) clarified that Operations fund can be transferred to the RDF.
 - IC 36-1-8-5.1(h) allows for transfers from the RDF to the Education or Operations Fund.

Donations



- Cash donations that are *extra-curricular in nature* may be accounted for in the Extra-Curricular Account.
- Any *School Corporation* donations shall be accounted for in the School Corporation records.

Donations



- We will not take exception to club/organizations donating money to an outside organization based on a majority vote of its members.
- Documentation must be retained to provide approval of a majority of the members.
- The warrant/check should be written to an organization and **not an individual.**

Procurement



- Uniform Guidance

- <https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-18.pdf>

- Small purchase threshold

Federal \$ amount

less than \$10,000

- Requirement for Quotes

\$10,000 - \$250,000

- Requirement for Bid Process

over \$250,000

State \$ amount

less than \$50,000

\$50,000 - \$150,000

over \$150,000

- IC 5-22 – State Purchasing Requirements

- <https://www.in.gov/sboa/files/IASBO%20Purchasing%20presentation%204-18-17.pdf>

Properly Maintaining Capital Assets



- What is a capital asset?
- Capital Asset Per GASB 34:

“The term capital asset includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible assets that are used in operations that have initial useful lives beyond a single reporting period.”

Properly Maintaining Capital Assets



- Infrastructure

- Long-lived capital assets
- Normally stationary in nature
- Can be preserved for a significant number of years than most capital assets
- Examples – roads, bridges, tunnels, drainage systems

Properly Maintaining Capital Assets



- Construction in Progress

- Where work has not been completed in the current reporting fiscal year

Properly Maintaining Capital Assets



- **MUST** have a capital asset policy
 - *Policy is required to detail the capitalization threshold*
 - Capitalization Threshold is a management decision

Properly Maintaining Capital Assets



- Other items to consider (not required)
 - Who is responsible for maintaining capital asset ledger
 - Other procedures and internal controls being implemented to ensure person responsible for maintaining capital asset ledger is receiving all information needed to properly maintain capital asset ledger

Properly Maintaining Capital Assets



- General Form 369

- Form may be electronically duplicated or may utilize another format **as long as the information (and function) that is required on the prescribed form is maintained**

CAPITAL ASSET LEDGER



General Form No. 369 (Rev. 2019)

CAPITAL ASSETS LEDGER

FUND _____

DEPARTMENT OR BUILDING _____

Date of Purchase	Description of Asset	Serial Number	Location of Asset	Original Cost of Asset	Estimated Life of Asset	Date of Disposal of Capital Asset	Amount Received on Disposal or Trade in	Types of Capital Assets							Total Capital Assets
								Land	Infrastructure	Buildings	Improvements Other Than Buildings	Machinery Equipment & Vehicles	Construction in Progress	Books and Other	
1															
2															
3															
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SAMPLE

Don't Know Historical Cost?



1. Develop an inventory of all capital assets owned
2. Obtain an estimate of the replacement costs
3. Determine the year of acquisition
4. Multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes (September 2019 Bulletin)
<https://www.in.gov/sboa/files/2019%20September%20School%20Bulletin.pdf>

Properly Maintaining Capital Assets



- The Beginning Balance of each type of Capital Asset, Additions, Reductions, and Ending Balance should be maintained on the prescribed form and be used to support the amounts entered into Gateway

TRAINING VIDEOS



SBOA YouTube Channel

<https://www.youtube.com/channel/UC62Ozm0wY81GZHipK2UrjLA>

Capital Asset Video

https://www.youtube.com/watch?v=oPIbqV1J9jo&list=PLQEiiW5bsE_rWath2jI4ep66WZ773xtJ2&index=6&t=0s

Enhanced Regulatory Reporting



- Purpose of changes:

- Be proactive
- To report similar to certain GAAP requirements
- Satisfy legislators and bond rating companies
- Legislation already passed requiring certain units to report financial statements in accordance with GAAP

Enhances Regulatory Reporting



- GAAP Reporting:

- More financial requirements for units
- More days to audit – additional audit costs to units

Annual Financial Report (AFR) Changes



- Changes effective for the AFR due August 29, 2020

- Will include:

- The collection of additions and reductions to debt and capital assets
- Information to be include in additional note disclosures

Enhanced Regulatory Changes



- Financial Statement Changes:
 - The combining schedule from the supplementary information will now be shown as the Statement of Receipts, Disbursements and Cash and Investment Balances

Enhanced Regulatory Reporting



- Notes to the Financial Statement:
 - Summary of Significant Accounting Policies
 - A section has been added to report the unit's capitalization threshold for what qualifies as a capital asset



- Long-Term Debt

- Will include beginning balances, additions, reductions and ending balances
- A schedule of principal and interest payments until maturity

Enhanced Regulatory Reporting



- Leases

- Included as a Note to the Financial Statements
- Note to include description of lease, lease term, and schedule of principal and interest payment until maturity

Enhanced Regulatory Reporting



- Interfund Activity
 - Report the amount transferred from one fund to another
 - Include general description of interfund transfers
 - Include explanation for any transfers that are significant or transfers that are not considered routine for the activities of the fund



- Deficit Fund Balance:
 - Indicate which funds have deficits and the dollar amount at year-end
 - Reason for deficit will not be included in the notes

Enhanced Regulatory Reporting



- Significant Contingent Liabilities
- Significant Commitments
 - Include description and dollar amount

Enhanced Regulatory Reporting



- Pensions:
 - Requirements refer to plans provided by the unit, not plans under INPRS such as PERF
 - Must include: Description, Funding Policy, Benefits offered, Actuarial valuation and vesting terms



- Other Postemployment Benefits
 - Include in Note Disclosure
 - Benefits offered
 - Contribution rates
 - Actuarial information, if any
 - Instruction on how to obtain plan information

Website Overview



<https://www.in.gov/sboa/4449.htm>