



IASBO ECA Conference

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

Frequently Asked Questions



FAQS



Q. How much may a school 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.

FAQS



Q. What can 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.

FAQS



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).

Use of Online Payment System for Athletic Officials



- Following Requirements must be in place:
 1. The School Board must authorize the use of the online payment system through a resolution, which has been approved in minutes.
 2. The School Board must implement and ensure that proper internal controls are in place.
 3. The athletic director shall provide the ECA treasurer with a detailed list of athletic officials that have been scheduled to officiate each contest. A Purchase Order/Accounts Payable Voucher (SA-1) must be completed with a copy of the detailed list attached.

Use of Online Payment System for Athletic Officials



4. The ECA treasurer shall transfer the appropriate rate of payment of each official on the detailed list and the estimated transaction fees for the corresponding payments to the trust account.
5. After the officials have officiated a contest, the athletic director must validate that the contest was held and services were provided through the online payment system.
6. Once the contest validated by the athletic director, payments to the officials are initiated by the ECA treasurer through the online payment system.
7. The ECA treasurer shall print and retain a report of all payments and transaction fees paid from the trust account. This listing should be attached to the SA-1, supporting the disbursements from the trust account. Any payment without proper documentation may be the responsibility of that officer or employee.

Use of Online Payment System for Athletic Officials



8. The trust account must be reconciled by the ECA treasurer on a monthly basis.
9. The ECA treasurer is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue.
10. At the end of the school year, all funds remaining in the trust account must be receipted back into the extra-curricular Athletic Fund and deposited into the ECA bank account.

ECA Trip Cancellations?



- Follow normal refund policy.
- Receipts should support the amounts refunded.
- Shall be by check and not cash.

ECA Trip Cancellations?



- Funds raised through fundraisers:
 - Not aware of specific statutes that govern fundraiser
 - Consult with school attorney
 - Follow policies adopted by the school board
 - Treat consistently
 - May apply general policy guidance memo regarding Coronavirus - <https://www.in.gov/sboa/files/Policy-Regarding-Coronavirus-3.12.2020.pdf>

Bookstore Sales Tax?



- Sales tax does not apply when:
 - *Sales of tangible personal property intended primarily for the education purpose of the organization and not used in carrying on a private or proprietary function.*

Bookstore Sales Tax?



- Sales tax does apply when:
 - *Sales by a bookstore of non-education-related items such as T-shirts, sweatshirts, hats, memorabilia, class rings, license plates, etc.*
- <https://www.in.gov/dor/files/reference/sib32.pdf>

School Libraries?



- A Library is a facility provided by the school board.
 - Does not meet the definition of an ECA Fund per IC 20-41-1.
- Fines/fees should be remitted to School Corporation.
- Books purchases should be budgeted and spent by the corporation.
- Exception: School Reading Program – could meet definition of an ECA fund if not a curricular expense and is voluntary participation.

Record Retention?



- Maintain ALL documentation until after documentation has been audited.
- After documentation have been audited, follow Retention and Disposition Schedule for IARA.
- <http://www.in.gov/iara/2359.htm>

Dormant Funds?



- IC 20-41-1-4(b)
- Approval must be given from majority of group/class.
- If the ECA Treasurer is unsuccessful in attempts to get all required approvals, **take situation to school board.**

Electronic Tickets?



- IC 36-1-8-11
- Allows for credit card and electronic payments if properly authorized.
- **Internal controls** must be established and implemented over the collection of and proper receipting of electronic tickets.

Proper Accounting – Cashless Transactions



- Since ECAs are on a cash basis
 - Record all receipts / disbursements as they occur.
 - Any fees charged should be recorded separately.
 - Maintain documentation of all receipts to correspond with deposit, including electronic ticket “stubs” or a sales report.

ECA Donations?



- Majority vote of its members required.
- Retain documentation of vote.
- Warrant/check should be written to an organization and not an individual.

Cash Change?



• Procedures:

1. Draw a check from Student Activity Fund,
2. Designate a custodian,
3. Convert to cash and safekeep cash,
4. Account for receipts and cash change,
5. Reconcile amounts received and cash change,
6. Deposit within 1 week.

Gateway Reporting – 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.



Updated Positions, Internal Controls, Reference Material

Depository Location



- IC 20-41-1-9 requires extracurricular accounts to deposit all receipts into **one bank account**.
- **Audit Position:** IC 5-13-8-9 applies to ECAs.
 - If no depository in school district → school board of finance can designate a depository inside the County.
 - If only 1 depository in the County → can be treated as if not located in the County → can designate a depository outside of the County.

School Lunch Fund Salaries



- Should not charge administrative salaries (principals, assistant principals, treasurers etc..) to the School Lunch Fund.
- Should be charged to the Operations (IC 20-40-18) or the Education (IC 20-40-2) fund.

Compensation for Personal Services



- 2 CFR 200.430
- **ONLY** employee's time spent for functions related to the school food service should be charged to the School Lunch Fund.
- Documentation of time spent on food service activities is required when an employee's time is **NOT** charged 100% to food service.

School Lunch Program – Where can I account for this?



- IC 20-41-1-2 allows the school lunch program to be established as a separate fund apart from any other school corporation fund and provides the authority to account for the program in an extracurricular account or accounts.
- School Board should elect where the extracurricular activity is accounted for.
- Regardless of the method chosen, internal controls must be established over the School Lunch Program.

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!

ECA Activity included in School's Financial Statements



- Enhanced Regulatory Audits start with 2019-2021 biennial audits.
- Financial Statements will be presented based upon Fund type.

EXAMPLE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
July 1, 2020 to June 30, 2021

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Enterprise Funds	Other Funds	Totals
Cash and investments - beginning	\$ 1,179,237	\$ 1,574,752	\$ 1,045,201	\$ -	\$ 1,672,910	\$ 2,572,040	\$ 8,044,140
Receipts							
Local sources	1,363,698	357,498,126	3,371,871	-	587,164	-	362,820,859
Intermediate sources	-	-	-	-	-	-	-
State sources	261,283	-	-	-	12,497	-	273,780
Federal sources	767,285	-	-	-	1,024,071	-	1,791,356
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	452	-	-	5,036,473	5,036,925
Total receipts	<u>2,392,266</u>	<u>357,498,126</u>	<u>3,372,323</u>	<u>-</u>	<u>1,623,732</u>	<u>5,036,473</u>	<u>369,922,920</u>
Disbursements							
Current							
Instruction	671,218	-	-	-	-	-	671,218
Support Services	1,618,611	-	1,455,529	-	9,913	-	3,084,053
Noninstructional services	2,636	-	-	-	1,536,644	-	1,539,280
Facilities acquisition and construction	50,720	-	1,448,327	-	-	-	1,499,047
Debt services	-	3,060,823	-	-	-	-	3,060,823
Nonprogrammed charges	-	-	-	-	-	1,069,303	1,069,303
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>2,343,185</u>	<u>3,060,823</u>	<u>2,903,856</u>	<u>-</u>	<u>1,546,557</u>	<u>1,069,303</u>	<u>10,923,724</u>
Excess (deficiency) of receipts over disbursements	49,081	354,437,303	468,467	-	77,175	3,967,170	358,999,196
Other financing sources (uses):							
Proceeds of long-term debt	-	14,324	-	-	-	-	14,324
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	74,378	74,378
Transfers out	-	-	-	-	-	(71,402)	(71,402)
Total other financing sources (uses)	<u>-</u>	<u>14,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,976</u>	<u>17,300</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	49,081	354,451,627	468,467	-	77,175	3,970,146	359,016,496
Cash and investments - ending	<u>\$ 1,228,318</u>	<u>\$ 356,026,379</u>	<u>\$ 1,513,668</u>	<u>\$ -</u>	<u>\$ 1,750,085</u>	<u>\$ 6,542,186</u>	<u>\$ 367,060,636</u>

The notes to the financial statements are an integral part of this :

EXAMPLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS - OTHER FUNDS
 For the Year Ended June 30, 2022

	Post-Retirement/ Severance Withholdings	Employee Benefit	Extracurricular Activity	Clearing Account	Total Other Funds
Cash and investments - beginning	\$ 3,961,866	\$ 2,315,608	\$ 257,219	\$ 7,493	\$ 6,542,186
Receipts:					
Local sources	-	-	-	-	-
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Temporary loans	-	-	-	-	-
Interfund loans	-	-	-	-	-
Other receipts	2,355,315	1,912,725	931,864	74,068	1,005,932
Total receipts	2,355,315	1,912,725	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	66,983	5,441,131
Interfund loans	-	-	-	-	-
Total disbursements	2,347,386	2,094,501	932,261	66,983	5,441,131
Excess (deficiency) of receipts over disbursements	7,929	(181,776)	(397)	7,085	(167,159)
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)	7,085	(167,159)
Cash and investments - ending	\$ 3,969,795	\$ 2,133,832	\$ 256,822	14,578	6,375,027

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’

C.R.I.M.E!

Best Practices



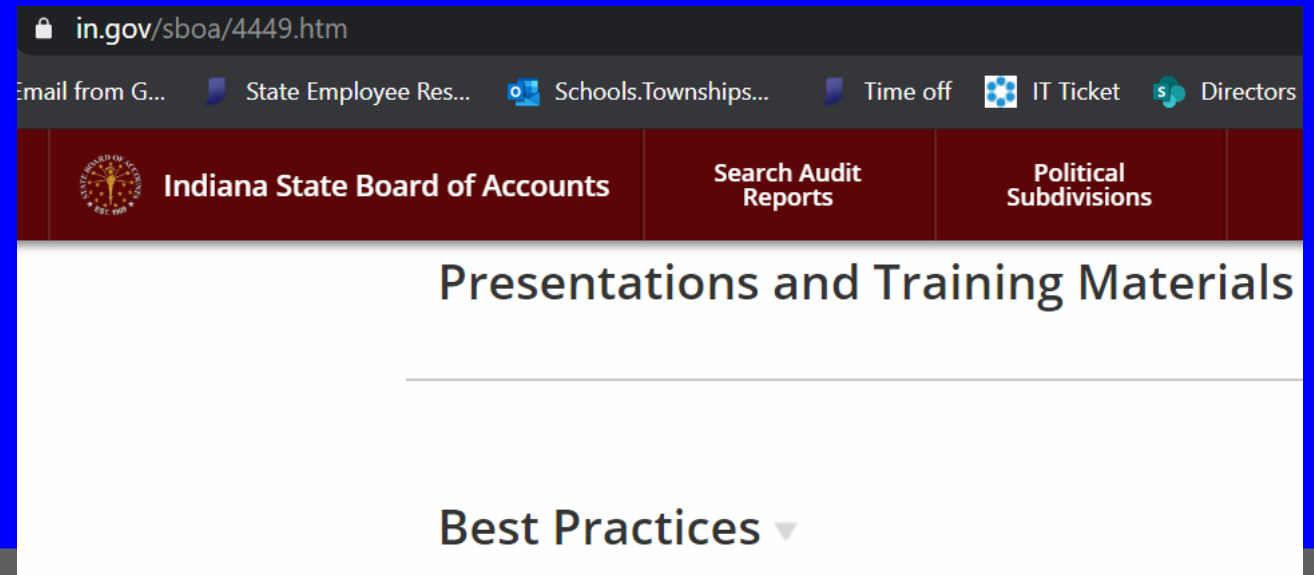
- Recommendations for:

- *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”



Remote Audits



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

Monthly Uploads



- Amended Directive

- https://www.in.gov/sboa/files/Directive-2018-1-Monthly-and-Annual-Engagement-Uploads-Amended-11_9_2020.pdf

- Monthly Additions: Bank Statements, Outstanding Check List.

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Questions?

