

The background features a large, faint watermark of the Seal of the State Board of Accounts, Indiana. The seal is circular, with the words "STATE BOARD OF ACCOUNTS" around the perimeter and "INDIANA" at the top. In the center is a torch with a flame, surrounded by a ring of stars.

SBOA Update

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State Board of Accounts



CONTACT INFORMATION

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WEBSITE RESOURCES

Public School Corporations Manual

Extra-Curricular Accounts Manual

School Bulletin

Common Indiana Code Summaries

Meeting Materials

IC 5-11-1-27 Submissions

Corrective Action Plan Submissions



Website Overview

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

State Board of Accounts



AUDIT SCHEDULE STATUS

School Corporation engagements

- Working through the backlog
- S&P requirements
 - Units will be required to have audited financial statements within 3 years or they will downgrade the unit's bond rating
 - Therefore, the SBOA has made it a priority to complete audits for units on S&P's list that have not been done through 2014
- Schools planning on issuing debt
 - Notify Engagement Strategies Director
 - EngagementStrategies@sboa.in.gov



EXTRA-CURRICULARS

Extra-Curricular engagements

- ECA with Receipts > \$1,000,000 will be examined during the School Corporation audit.
 - FOR 2016 REPORT = 76 ECAS
- ECA with receipts between \$1,000,000 - \$100,000 will be examined in our office in a centralized compliance engagement.
 - FOR 2016 REPORT = 682 ECAS
 - Will be done on a 4 year rotation coinciding with the school corporation audit.
- ECA with receipts < \$100,000 and not having a specific risk identified will be examined in a centralized review process
 - Approximately 10% of Statewide Activity

ECA reviews performed by outside contractors will be considered a management tool



SUBMISSION

What happens if the ECA Risk Report is not submitted via Gateway?

SBOA will only recognize submission of the ECA Risk Reports through Gateway. SBOA will not accept the report in paper form or in any other format. If it is not submitted through Gateway, as prescribed, the extra-curricular account (ECA) will be considered high risk and the Department of Local Government Finance (DLGF) may not approve the budget of the school corporation in accordance with IC 5-11-1-4.

After inputting information the ECA Treasurer will have the ability to produce and print the required SA-5 via the Report Output section.



HEA-1031 REPEAT FINDINGS

Adds IC 5-11-5-1.5:

- Requires entities to take action to resolve noncompliance noted in an SBOA audit report
- If the same or similar noncompliance is found in a subsequent report, then the entity must file a corrective action plan with the SBOA
- If the corrective action plan is not submitted or completed within 6 months, then the SBOA is required to notify the legislative audit committee
- Subsection (f) provides actions the legislative audit committee may take when notified

Timeline:

- Engagements started September 1, 2017 and exited October 1, 2017 or after
 - Include statement that it is a repeat finding
 - Could also include a management letter
- Engagements started December 1, 2017 and exited February 1, 2018 or after
 - If repeat findings are included, then a corrective action plan is required



CORRECTIVE ACTION PLAN TEMPLATE

- Clearly state the issue:
- List the requirements that were not followed:
- Unit Response:
- Identify the root cause of the issue:
- Steps to be taken to correct the issue:
- Implementation timetable:
- Summary of how the corrections will prevent future occurrence of the issue:



FORMS

All ECA forms and records shall be prescribed or approved by the SBOA.

As of April 1, 2014, there is a new form approval process detailed in the March 2014 School Administrator.

The cost of prescribed or approved ECA records and the bond of the ECA treasurer shall be paid for from the General Fund of the School Corporation.



INTERNAL CONTROLS

Step 1:

- IC 5-11-1-27
 - Board has adopted standards and Personnel has been trained
 - Fiscal officer will have to certify on fiscal year 2017-2018 Gateway AFR

Step 2:

What will the SBOA expect in future engagements?

School Board ensures minimum standards have been adopted and personnel trained

School Treasurer certifications

SBOA will include a comment(s) in all reports

Show that School has gone through the process of identifying risks and establishing control activities for significant areas

SBOA will consider a comment in report if the School can not provide information that they are moving towards instituting an Internal Control system



INTERNAL CONTROLS CONT.

Control Environment

Risk Assessment

- Review and Evaluate areas that have the potential for material error, fraud, theft, etc.

Corporation Records Examples:

Receipt and Payment Transactions, Financial Reporting, Federal Grants, Security of assets, etc.

ECA Records Examples:

Vendor payments, Athletic Events, Concessions, Fundraisers, School Lunch, Textbook Rental, etc.



INTERNAL CONTROLS CONT.

Control Activities

- Design and implement policies and procedures to mitigate areas identified as having risk

Corporation Records examples:

Financial Reporting/SEFA – Grant administrators provide receipt and spending information to Treasurer, Treasurer compiles the report, Superintendent compares report information with transaction history report, Treasurer sends draft report to Grant administrator for review, Treasurer submits financial report.

Vendor Payment - A/P clerk collects supporting documentation and compiles claim, Treasurer reviews claim and documentation prior to posting in records, School Board approves claims, Treasurer reviews claims docket and cuts the check, Treasurer reconciles bank statement

ECA Records Examples:

Fundraising – Sponsor submits fundraising proposal to School Board, Board establishes control activities to be carried out, (such as how long the fundraiser will last, who will collect money, require use of SA-8 and how often it will be turned over to the ECA Treasurer, the ECA Treasurer will provide a fund history report to the Sponsor, Sponsor approves report) Club members determine use of fundraiser proceeds, ECA Treasurer compiles AP voucher, Principal approves AP voucher, ECA Treasurer makes the payment

Athletic Event – ECA Treasurer completes the initial information on a SA-4, provides Athletic Director with cash change and tickets, Athletic Director provides instructions to ticket taker, Athletic Director randomly observes ticket takers, ticket taker completes remainder of SA-4, Athletic Director verifies tickets returned, sold, and collections on SA-4, Athletic Director remits SA-4, ticket stubs, and collections to ECA Treasurer; ECA Treasurer recounts ticket stubs and money remitted, ECA Treasurer provides the Athletic Director with a receipt (SA-3)



INTERNAL CONTROLS CONT.

Information and Communication

Monitoring

- Determine if policies and procedures are being followed
- Determine if policies and procedures are sufficient to address the risk that was identified
- Determine if changes in environment or individuals involved require further assessment of new risk areas



INTERNAL CONTROLS CONT.

Write it down:

Write a narrative to document the Risk Assessment process and the results

Write down the policies and procedures adopted as control activities

Include “proof” that all individuals involved in the policies and procedures completed their tasks



CHART OF ACCOUNTS

Existing Plan for introduction of the new Chart of Accounts:

Present and answer questions at all ten IASBO regional 1009 meetings

Include articles in the June, September, and December School Bulletins on the progress

- Plan on including details on what funds are going to be added, deleted, and combined

Update the Accounting and Uniform Compliance Guidelines Manual effective January 1, 2019



Quiz Time!

What are the 5 components of Internal Control?

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring



Question # 2

Units are not required by Statute to develop a system of Internal Controls. The adoption of the Internal Control Standards and training on those standards is all that is required. True or False?

- False



Question # 3

What will happen if you do not file your ECA Risk Reports?

- a) You will receive reminders via email
- b) You will receive a subpoena to file
- c) You will be considered High Risk when we select ECAs to audit.
- d) DLGF may not approve the School's budget
- e) All of the above



Question # 4

What is the proper way to implement SBOA's prescribed forms?

- a) You can only use what is in the SBOA Manuals
- b) You can use your own forms but need to submit for SBOA approval
- c) You place the form into use and we approve during the next audit
- d) There is no requirement that prescribed forms are to be used



Question # 5

If you have an ECA with at least \$100,000 to \$1,000,000 of receipts, you can expect to have an audit when?

- a) With the next School Corporation audit
- b) Never
- c) Every other year with a field review
- d) Centralized review on a 4 year rotation



Q & A Session

Please ask us questions!

Submit webinar requests to:
Schools.Townships@sboa.in.gov

State Board of Accounts