

THE STATE AGENCY BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES
ISSUED BY STATE BOARD OF ACCOUNTS

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Volume 2

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STATE AGENCY ADVISORY SERVICES

The State Board of Accounts (SBOA) has created a new advisory service for state agencies to provide guidance from an SBOA perspective on accounting and compliance guideline requirements, internal control best practices, resolution of audit issues and more. We are here to serve you! The best way to contact us is through our shared inbox and phone number:

stateagencyadvisory@sboa.in.gov; 317-232-2513

However, if you prefer, feel free to contact us at our personal email addresses as follows:

Debbie Gibson: dgibson@sboa.in.gov

Susan Gordon: sgordon@sboa.in.gov

Abbigale Parker: abparker@sboa.in.gov

TRAINING OPPORTUNITIES

Would you like to know which compliance requirements will be audited for your federal grants? If so, watch this short video called "Compliance Supplement:



Video Link: https://www.youtube.com/watch?v=tyi_qXoztCs

Slides pdf: <https://www.in.gov/sboa/files/Compliance-Supplement-Presentation-State-Agencies.pdf>

If you have topics on which you would like to see training, please email our State Agency Advisory Services team at stateagencyadvisory@sboa.in.gov.

AUDIT TIMELINE

Do you ever wonder why State Board of Accounts needs audit information so quickly? It is because we are obligated to provide a timely audit report to the federal government and to the citizens of Indiana. The federal government requires an annual audit, called a Single Audit, which includes an audit of the state's financial statements and a compliance audit of the state's major federal award programs. The Single Audit has a strict deadline to be filed by March 31. The audited financial statements are presented in the Annual Comprehensive Financial Report (ACFR) in accordance with the accounting requirements established by the Governmental Accounting Standards Board. We work on the audits of the state's financial statements and the major federal award programs simultaneously. **Your cooperation is key** to the completion of our audit work and the filing of the Single Audit and the ACFR.

Last year, the deadline for the Single Audit was extended due to the pandemic. However, there is no extension to the deadline for the Single Audit for fiscal year 2022, due March 31, 2023. If we do not provide a timely audit report to the federal government **by March 31, 2023**, it could result in a loss of federal funds to the State of Indiana.

Here are some key dates for you to be aware of as we go through the audit process for the audit period of July 1, 2022, to June 30, 2022.

<u>Description</u>	<u>Federal Single Audit</u>	<u>ACFR Financial Statements</u>	<u>Both Reports</u>
Audit Work Beginning	August 2022	September 2022	
Audit Work Completion	January 2022	December 2022	
Agency Exit Conferences			February 2023
OMB/AOS Exit Conference			March 2023
Report Issuance			March 31, 2023

FILING OF STATE AUDIT REPORTS

The Federal Single Audit Report for the period July 1, 2020 through June 30, 2021 was filed on September 14, 2022 (Report Number B59787) and is available on our website at this link: <https://www.in.gov/sboa/WebReports/B59787.pdf>

The ACFR for the period July 1, 2020 through June 30, 2021 was filed on March 30, 2022 (Report Number 58951) and is available at this link: <https://www.in.gov/sboa/WebReports/B58951.pdf>

If your agency has findings to resolve, please feel free to contact our State Agency Advisory Services team for suggestions at stateagencyadvisory@sboa.in.gov.

STATE ACCOUNTING MANUAL

The *Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies* is published by the State Board of Accounts in consultation with the Auditor of State, Treasurer of State, and State Budget Agency.

In addition to general guidelines and policy, the manual covers important topics, such as:

Chapter 1 – Accounting System and Processes...An explanation of various accounting terms, basic accounting theory, and examples of acceptable accounting entries in Peoplesoft (Encompass).

Chapter 2 – Internal Controls...The 5 components of internal control and applications of each in the governmental environment.

Chapter 3 – Accounting for Budgets...The State of Indiana budget structure; how it works and how it is implemented in Peoplesoft (Encompass).

Chapter 4 – Accounting for Revenues...A description of the various types of revenue and how transactions for each should be recorded.

Chapter 5 – Procurement...A summary of State of Indiana purchasing rules and regulations.

Chapter 6 – Accounting for Expenses, Expenditures...Defines and details regulations and business processes for the various types of payments from the State of Indiana to vendors.

Chapter 7 – Accounting for Federal Funds...General requirements relating to federal financial assistance programs.

Chapter 8 – Accounting for Capital Assets... Addresses the accountability for capital assets purchased by the State of Indiana – how capital asset records are maintained, how such assets are reported for financial reporting purposes, and the responsibility of agency personnel regarding such assets.

Chapter 9 – Payroll...A summary of personnel rules and regulations and descriptions of processes used in the processing of payroll transactions (*note this chapter is currently being rewritten due to the new Peoplesoft HCM system*).

Chapter 10 – Travel...General compliance for travel by state officials and employees; includes current official travel rules.

Chapter 11 – Public Records... A description of regulations regarding public records and record retention.

Chapter 12 – State Institutions... A description of certain business processes at the various state institutions.

Chapter 13 – Internal Service Funds... A description of services provided to state government through the various internal service funds.

Chapter 14 – Information Technology Controls... A description of computer system requirements.

INTERNAL CONTROLS

All state agencies have a mission to accomplish certain goals and objectives. The overall purpose of internal control is to help each department achieve its mission. An effective internal control system helps an agency (or department) to:

- Promote orderly, economical, efficient and effective operations.
- Produce quality products and services consistent with the department's mission.
- Safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud.
- Promote adherence to statutes, regulations, bulletins and procedures.
- Develop and maintain reliable financial and management data, and accurately report that data in a timely manner.

During the audit, our field examiners will ask for your written internal controls, and they will test those controls, which will determine the nature, timing, and extent of testing. Your written internal controls must incorporate a process to maintain tangible evidence that the controls are functioning as intended. For

example, if an internal control states that eligibility will be verified in accordance with an agency checklist by Person B, then then SBOA will be asking for the checklist and evidence that Person B performed the verification process.

Each chapter in the *Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies* has information on internal controls for the processes discussed in that chapter; an overview of the five components and seventeen principles of internal controls is in Chapter 2.

If you need any assistance as you work through the process of establishing internal controls, please feel free to contact our State Agency Advisory Services team at stateagencyadvisory@sboa.in.gov .