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THE STATE AGENCY BULLETIN

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ITEMS TO REMEMBER

If there are certain items or dates that would be beneficial to include in future calendars, please let us know by email StateAgencyAdvisory@sboa.IN.gov

May

- Holiday – Primary Election Day May 5th
- Holiday - Memorial Day May 25th.
- Review State Comptroller ACFR Survey for Deliverables this month.
- Complete accounting information and approvals in PeopleSoft for TOS approved AR/ROC.
- Review requirements for FFATA Reporting; File FFATA reports as applicable.
- Cleanup GL, AP and AR entries prior to month-end.
- Review PS Requisition/PO Deadlines from the Comptroller's Office.
- Review year-end deadline for requests for PO amount approvals.
- Make sure all FY 26 requisitions are sourced to a PO or cancelled/closed by the deadline.
- Make sure all FY 26 POs are in approved/valid (budget check) status by the deadline.
- Review State fiscal year-end deadlines from the Comptroller's Office.

June

- Review State Comptroller ACFR Survey for Deliverables this month
- Complete accounting information and approvals in PeopleSoft for TOS approved AR/ROC
- Review requirements for FFATA Reporting; File FFATA reports as applicable.
- Cleanup GL, AP and AR entries prior to month-end.
- Expenses incurred between June 15 and June 30 must be carried over to the new fiscal year.
- Review PS Requisition/PO Deadlines from the Comptroller's Office.
- Review year-end deadlines for Accounts Receivable.
- Review year-end deadlines for posting and approval of Accounts Payable.
- Review year-end deadlines for General Ledger submission of regular and ID bill journal entries.
- Review year-end deadlines for Asset Management reporting.
- Review PS Enterprise Portal to find your agency's specific PO rollover date.
- Review State fiscal year-end deadlines from the Comptroller's Office.
- Review requirements for Federal Financial Report (SF 425) Filing.

July

- Holiday – Independence Day July 4th.
- State Fiscal Year begins July 1st.
- Review State Comptroller instructions for using 2027 as a budget reference chart field.
- Review State Comptroller instructions for submitting FY 27 vouchers and expense reimbursements.
- Review State Comptroller instructions for financial close date for FY 2026.
- Review State Comptroller ACFR Survey for Deliverables this month
- Complete accounting information and approvals in PeopleSoft for TOS approved AR/ROC
- Review requirements for FFATA Reporting; File FFATA reports as applicable.
- Cleanup GL, AP and AR entries prior to month-end.

STANDARD OPERATING PROCEDURES (PART 4)

A standard operating procedure (SOP) is an established or prescribed method to be routinely followed to achieve a given objective. We have been covering SOPs in each of our previous quarterly bulletins since last April. The April 2025 Bulletin contains a helpful introductory SOP training video. The July 2025 Bulletin SOP article provides a methodology for organizing an agency's SOPs. The October 2025 Bulletin covered the importance of management buy-in. The January 2026 Bulletin covered the importance of setting SOP quality standards.

Once an agency has established an SOP program, it can look into other complementary areas to enhance internal controls and risk management. One area complementary to SOPs is mapping risks and objectives to controls to identify internal control gaps. A useful tool for this type of analysis is a Risk Control Matrix (RCM). RCM or RACM is a structured, often spreadsheet-based, tool used to identify, assess, and manage risks by linking specific business objectives to potential risks and the corresponding controls. It acts as a central repository for risk management, mapping risks to mitigation strategies, responsible parties, and control effectiveness.

RCMs are commonly structured, maintained, and organized by business cycle (often referred to as business processes or transaction cycles). Maintaining RCMs by business cycle—such as Procure-to-Pay, Order-to-Cash, or Hire-to-Retire—allows agencies to systematically map risks and controls to specific operational activities.

Why RCMs are Maintained by Business Cycle

- **Structured Assessment:** Organizing by cycle (e.g., revenue, payroll, inventory) ensures that all critical areas are covered, preventing gaps in risk management.
- **Operational Alignment:** RCMs map specific control activities to business risks within that process, providing a clear picture of how, when, and by whom risks are mitigated.
- **Audit Efficiency:** Internal and external auditors often test controls based on these cycles (e.g., auditing the entire revenue cycle), making the matrix a practical tool for compliance and auditing.
- **Ownership and Accountability:** Segmenting by cycle makes it easier to assign responsibility to specific process owners, ensuring that controls are monitored by the appropriate functional teams.

Common Business Cycles in RCMs

- Revenue/Order-to-Cash: Sales, shipping, billing, and cash receipts.
- Procure-to-Pay: Purchasing, receiving, and vendor payments.
- Hire-to-Retire: Payroll processing and human resources management.
- IT General Controls: System access, change management, data backups, cybersecurity, and IT operations
- Financial Reporting/Close: General ledger, consolidation, and reporting.

Maintenance of the RCM

- Just like SOPs, RCMs are not static, one-time documents; they are "living tools" that must be updated as processes change.
- To maintain relevance, they require periodic reviews and updates, especially when there are changes in technology, personnel, or company objectives.

For maximum effectiveness, agencies often integrate these updates into regular, recurring management review cycles. If you have any questions on SOPs or RCMs, please do not hesitate to reach out to us at StateAgencyAdvisory@sboa.IN.gov.

COMPLIANCE SUPPLEMENT – UPDATE

The 2025 Office of Management and Budget (OMB) Compliance Supplement, released in late November 2025, is a major update necessitated by the comprehensive 2024 revisions to the Uniform Guidance (UG). It is effective for audits of fiscal years beginning after June 30, 2024 (i.e., June 30, 2025, year-ends and later).

The most significant changes focus on adapting to the revised UG, implementing a dual-reporting framework, and increasing the audit threshold.

Some Key Updates in the 2025 Compliance Supplement include:

- Dual Compliance Framework (Part 3.1 & Part 3.2): Due to varying implementation dates of the 2024 UG revisions by federal agencies, the 2025 Supplement splits compliance requirements:
 - Part 3.1 applies to awards governed by the pre-2024 UG (generally, awards issued before Oct. 1, 2024).
 - Part 3.2 applies to awards subject to the 2024 revised UG (generally, new awards or amendments on/after Oct. 1, 2024).
- Internal Control Focus (Part 6): Stronger emphasis on documenting internal controls, including how they are designed, operated, and monitored.
- Terminology Shift: The term "non-federal entity" has been replaced with "recipient" and "subrecipient" to enhance accountability.

- FFATA Reporting Move: Federal Funding Accountability and Transparency Act (FFATA) reporting moved from FSRS.gov to SAM.gov in March 2025.
- Increased Thresholds: The threshold for a Single Audit has increased to \$1,000,000 for federal expenditures on awards issued after October 1, 2024.
- Procurement & Controls: Stronger focus on documenting procurement policies, debarment, and ensuring internal controls are operating effectively.

The Compliance Supplement can be found at

<https://www.whitehouse.gov/omb/information-resources/guidance/compliance-supplement/>

A video explaining this in further detail can be found here:

<https://www.youtube.com/watch?v=o7PhBR4XVyM&feature=youtu.be>

FRAUD SERIES (PART 6)

This is part 6 in a series of articles on establishing and maintaining a system of internal controls related to managing fraud risk. In previous articles we discussed fraud risk governance and fraud risk assessment, and how to use data to uncover fraud. In this segment, we are focusing on anti-fraud training

It is important to customize the content and delivery of the anti-fraud training based on the specific roles of different employees (or teams of employees). This results in employees better connecting the message of the training to their day-to-day responsibilities. This type of targeted and role-based anti-fraud training will help your employees to better identify suspicious activity and feel empowered to act against potential fraud. Further, through the training, management can communicate its commitment to high ethical standards and fraud prevention.

Key Questions

- What resources are available to help design your targeted and role-based anti-fraud training program? Who will be responsible for the anti-fraud training program?
- What information is available to help you determine your training needs, such as a fraud risk assessment (see Play 4) or internal audit findings?
 - Where is your agency particularly vulnerable to fraud based on your fraud

risk assessment? (See Play 4.)

- Which departments or groups within your agency have the lowest level of fraud awareness? (See Play 2.)
- What fraud-related trainings do you already have in place? How can these be expanded upon?
- How can you assess the effectiveness of your anti-fraud training? How will updates or revisions be made to the training content and delivery?

The Anti-Fraud Playbook source below has a checklist to help address each of these questions.

Content for this article is from the following sources:

- Association of Certified Fraud Examiners and Grant Thornton LLP. *The Anti-Fraud Playbook*. 2020
- Association of Certified Fraud Examiners and Committee of Sponsoring Organizations. *The Fraud Risk Management Guide*. 2016

SPECIAL DISBURSEMENT OFFICER ACCOUNT VIDEO

Last quarter, we had an article about Special Disbursement Officer Accounts. Here is the video that accompanies that article.

<https://www.youtube.com/watch?v=QMq8Rt1WbZk&feature=youtu.be>

COSO UPDATES INTERNAL CONTROL FRAMEWORK FOR USE OF GEN AI

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal controls is the gold standard for government agency internal controls because of its flexible yet well-defined structure. The adoption of generative artificial intelligence (AI) technology by State agencies brings new challenges for internal control implementation and maintenance as AI functions and behaves differently than a human being would in a specific scenario. Generative AI's speed, adaptability, and potential require governance and controls structures to be developed to mitigate and control risks involved with using this technology.

In February, COSO released an authoritative guidebook regarding how to apply the COSO internal control framework to cover use of Generative AI.

This guidebook can be downloaded from <https://www.coso.org/generative-ai>

RECORD RETENTION

This article supersedes the Record Retention Article in the July 2025 State Agency Bulletin.

Public officials or agencies may not dispose of government records except under an approved Records Retention Schedule or with the written consent of IARA.

Generally, basic accounting records cannot be transferred to the Records Center until issuance of the applicable state audit report and satisfaction of any unsettled charges.

The issuance of the State of Indiana's Single Audit Report fulfills the requirement to receive a State Board of Accounts (SBOA) audit report as required by the record retention schedules

The State Single Audit Report covering the period July 1, 2024 through June 30, 2025 was filed on March 31, 2026. The report may be accessed at this link: <https://audit.sboa.in.gov/>. After clicking on this link, search for Report No. 32020F to access the most recent report.

To assist agencies in the proper disposal of government records, IARA offers the services of the State Records Center for temporary storage; the Imaging Lab for scanning and microfilming; State Archives for permanent/historical storage; and the Conservation Lab for restoration and preservation of records. For more information see IARA's website.

Retention schedules can be found at www.in.gov/iara/2766.htm. Before records are transferred to the State Archives, retention schedules should be reviewed carefully to ensure all retention requirements have been met.

NEW LEGISLATION

The following is a Digest of some of the laws passed by the 2026 Session of the General Assembly affecting the State of Indiana from a compliance and/or audit perspective. This Digest is not intended as an expression of legal interpretation. The Digest is also not intended to be all inclusive. The final version of each Public Law can be found on the Indiana General Assembly website (<http://iga.in.gov/>).

**Senate Enrolled Act 226 / Public Law 125 / Indiana Department of Administration
Various Effective Dates**

Bill Digest:

Allows the Indiana department of administration (department) to implement category management for purchasing and contracting by state agencies.

Amends the nomination and appointment process for a state agency's purchasing representative.

Requires the department to establish and maintain an independent verification and validation oversight program for contracts entered into by state agencies.

Requires state agencies to submit an annual procurement and purchasing plan to the department and the budget agency.

Repeals provisions concerning the ability of the Indiana war memorials commission to enter into contracts.

House Enrolled Act 1003 / Public Law 152 / Boards and Commissions

Various Effective Dates

Bill Digest:

Creates the agricultural promotion and regulation task force to study various agriculture related topics. Makes changes to requirements for the readoption of administrative rules. Repeals, merges, consolidates, or otherwise modifies various boards, commissions, and other governmental bodies. Modifies or establishes various funds. Makes changes to the membership, duties, and operations of various boards, commissions, and other governmental bodies. Expands the applicability of a statute concerning county hospital governance to Perry County, Spencer County, and Orange County. Repeals the fire prevention and building safety commission (commission). Transfers the commission's responsibilities and administrative rules to the department of homeland security. Makes certain changes to the administration of building and safety statutes and building and safety codes. Makes technical corrections. Makes an appropriation.

House Enrolled Act 1360 / Public Law 97 / Access to Public Records

Effective July 1, 2026

Bill Digest:

Allows a public agency to establish and maintain an electronic portal for submission of public records requests that:

- (1) incorporates CAPTCHA or an equivalent mechanism for ensuring that a requestor is a human;
- (2) requires verification of a requestor's physical address;
- (3) indicates to the public agency whether the requestor is a resident of Indiana; and
- (4) automatically tracks and reports submissions suspected to be automated or to have originated from known sources of phishing or data scraping.

Provides that a public agency may deny a public record request if the request:

- (1) is made by a person that is a party to pending or ongoing litigation; and
- (2) is duplicative of a discovery request made by the person in the pending or ongoing litigation.

Provides that:

(1) a public agency may decline to respond to a public records request if the public agency suspects:

- (A) the request to be data scraping or phishing activity; or
- (B) that responding to the request electronically may:
 - (i) expose the public agency's electronic systems or data to unauthorized access or alteration; or
 - (ii) otherwise jeopardize the security of the public agency's electronic systems or data; and

(2) if the public agency declines to respond to the request, the public agency must report:

- (A) the request; and
- (B) the public agency's reason for declining to respond to the request; to the public access counselor.

Allows a public agency to collect a supplemental fee for processing public records requests submitted by non-Indiana residents or out-of-state entities.

Allows a public agency to give priority in fulfilling public records requests to:

- (1) Indiana residents; and
- (2) requests submitted for civic, journalistic, academic, or personal use.

Requires public agencies to report to the public access counselor regarding public records requests suspected of being automated, data scraping activity, or phishing activity (suspect public records requests).

Provides that the general assembly may establish reasonable and narrowly tailored procedural safeguards to preserve the integrity and availability of public agency resources.

Requires the public access counselor to:

- (1) take specified actions with regard to identifying excessive and suspect public records requests; and
- (2) include in the public access counselor's annual report:
 - (A) information regarding the volume and nature of public records requests received by public agencies, including information regarding suspect public records requests reported by public agencies; and
 - (B) recommendations to the general assembly regarding statutory or administrative remedies to excessive and suspect public records requests.



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