INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

Paul D. Joyce, CPA
State Examiner

THE STATE AGENCY BULLETIN

April 2025   **Volume 12**

IN THIS ISSUE

ITEMS TO REMEMBER

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

May

- Holiday - Memorial Day May 26th.
- 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 24 requisitions are sourced to a PO or cancelled/closed by the deadline.
- Make sure all FY 24 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 16 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 Dau July 4th.
- State Fiscal Year begins July 1st.
- Review State Comptroller instructions for using 2026 as a budget reference chartfield.
- Review State Comptroller instructions for submitting FY 26 vouchers and expense reimbursements.
- Review State Comptroller instructions for financial close date for FY 2025.
- 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

Developing Standard Operating Procedures (SOPs) is a good way to document your agency's processes for audit purposes. SOPs are also important to ensure that processes are consistent, errors are reduced, and they allow for the identification of potential improvements or efficiencies that can be made to processes. SOPs help new employees learn effectively and they assist with the knowledge transfer and retention processes as new employees leave State employment or are reassigned.

We have created a short training video that explains what SOPs are, the benefits, and how you can develop SOPs for your agency.

SOP Training - Video Link

If you need assistance with developing SOPs, or have any other questions for SBOA, please contact StateAgencyAdvisory@sboa.IN.gov.

We have developed an SOP template that agencies can utilize, and this can be found on our website.

SOP Template - Link

INTERNAL VS EXTERNAL AUDITS

Have you ever wondered what the difference is between an internal audit and an external audit? If so, you can view a short video we created that explains key similarities and differences between these important, but different, audit functions.

Internal vs. External Audits - Video Link

<u>FRAUD AWARENESS TRAINING</u>

Fraud awareness training is crucial for organizations of all sizes to assist in identifying, preventing, detecting, and reporting of potential fraud. Studies have shown that organizations that provide their employees with fraud awareness training experience fewer financial losses and have lower risks to their reputation than organizations without fraud training.

By educating employees about different types of fraud, and the red flags to look for, training programs can help mitigate risks and protect the State from financial exploitation and reputational damage. Additionally, during an audit, auditors are required to assess fraud risk. Any fraud awareness training provided to employees and any implemented fraud preventative programs would be considered in the evaluation of fraud risk by an auditor.

If your agency does not provide fraud awareness training, please consider sharing the short video we created below with your employees.

Fraud Awareness Training – Video Link

In the video references were made to the Association of Certified Fraud Examiner's (ACFE) report on fraud. You can read more about their interesting study at the link below.

Occupation Fraud 2024: A Report to the Nations – ACFE Report Link

<u>FRAUD SERIES – PART 2</u>

In the last bulletin we discussed fraud risk management and how a fraud risk management framework could be implemented.

This is the second in a series of articles on establishing and maintaining a system of internal controls related to managing fraud risk.

In this segment, we are focusing on the second phase of a 5-phased approach to create a robust anti-fraud program.

Fraud Risk Governance (Phase 1 Part 2) – Create a Culture.

Promoting fraud awareness throughout your agency from the top down is vital to creating a strong anti-fraud culture, enhancing fraud awareness, and encouraging employees to discuss fraud risks openly and thoughtfully. Fortunately, there are many ways to promote and enhance fraud awareness at your agency, including developing a comprehensive fraud risk governance policy, developing an anti-fraud training program, hosting fraud awareness events or activities periodically, and communicating roles and responsibilities related to Fraud Risk Management (FRM). There is not a one-size-fits-all model when it comes to promoting fraud awareness. It is important for every agency to tailor these efforts to be relevant to its specific fraud risks and the strategic goals of the agency.

The key to the success of these efforts is a strong, strategic, and consistent message that can translate fraud awareness into action. Enter the Integrity Triangle. Serving as the counterbalance to the Fraud Triangle, the Integrity Triangle emphasizes the values that encourage people to do what is right for the State.

The three elements of the Integrity Triangle are responsibility, accountability, and authority. When a person understands and appreciates that they have a responsibility, that they are accountable the agency's mission, and that they have the authority to affect positive change, a culture intolerant of improper or inappropriate conduct, such as fraud, is more likely to persist.

The foundation of this concept is awareness. Promoting awareness among your employees about both the threat of fraud and their capacity to combat it is essential for creating an anti-fraud culture and can be a vital tool in fighting fraud in your organization.
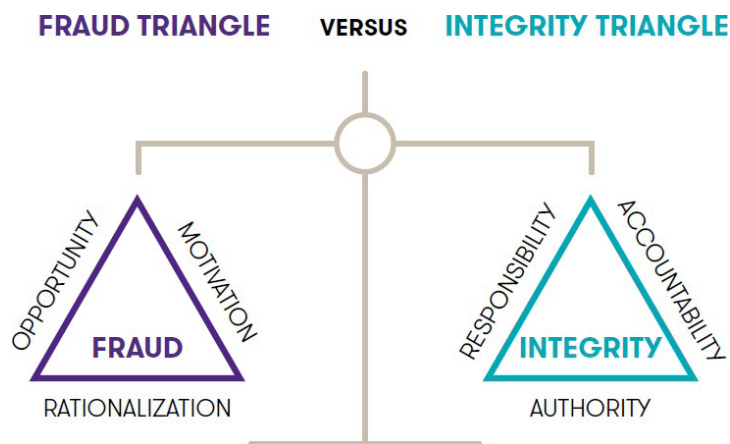
("Fraud Triangle Versus Integrity Triangle." Anti-Fraud Playbook, The Best Defense is a Good Offense, Association of Certified Fraud Examiners and Grant Thornton, 2020, p. 11.)

Below are some key questions to assist in achieving a strong anti-fraud culture by establishing a robust anti-fraud governance structure and implementing targeted fraud awareness efforts.

- Do you have a comprehensive FRM policy in place?
- Have you established, documented, and communicated roles and responsibilities related to FRM across all levels of your agency, including reporting mechanisms?
- Is messaging about fraud risk management communicated throughout your organization, from leadership down to employees at all levels? How do you assess the effectiveness of these efforts?
- Do you have fraud awareness initiatives in place? How often are fraud topics discussed throughout all levels of your organization and across key stakeholders?
- Do you periodically assess the effectiveness of your organization's fraud awareness efforts and track progress or gaps over time?

In the next bulletin we will be discussing fraud risk assessment in part 3 of this fraud series.

SUBRECIPIENT MONITORING

According to 2 CFR 200.332, all pass-through entities must monitor the activities of the subrecipient to ensure the subaward is used for authorized purposes, in compliance with Federal statutes, regulations and the terms and conditions of the subaward; and that subaward performance goals are achieved.

A subrecipient means an entity that receives a subaward from the pass-through entity to carry out part of a Federal award.

Before you begin your subrecipient monitoring activities, it is a good idea to make sure your list of subrecipients is accurate. Sometimes the entity that signed the grant agreement and received the funding from your agency (subrecipient) is different than the entity you work with for program implementation.

The State Budget Agency (SBA) has recommended tasks and tools for subrecipient monitoring on the Federal Grants Resources Page: https://www.in.gov/sba/grants/Federal-Grants-Resources/

Also, for your reference, SuccessFactors has four SBA training sessions on grants management which can be accessed on the Learning page by typing 'FMC 4.1' in the search bar. Topics covered include:

Training 1: Pre-Award Requirements and Financial Management

Training 2: Post Award Requirements; Procurement and Inventory Management

Training 3: Documentation and Record Keeping Requirements

Training 4: Timely Spending, Close Out, and Audit Requirements