



Indiana Association of School  
Business Officials  
May 2015  
Fort Wayne, Indiana

State Board of Accounts



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# Outline

- Compliance Requirements
- Internal Controls
- Gateway
- Legislation

# ADM – Detailed List

- Pursuant to the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations:
  - Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claims for ADM.
  - The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed.

# Prepaid Lunch Deposits

- Pursuant to The School Administrator, Volume 183:
  - Clearing Account Number 8400 – Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of the month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end.

# Fees

- Pursuant to the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations:
  - Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions.
  - IC 20-26-4-1 concerning duties of the School Corporation Treasurer, provides in part: “The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds.” Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions.



# Internal Controls

- Definition
  - Policies and procedures used by management to ensure that their programs and functions operate efficiently and effectively in conformance with applicable laws and regulations.
- Purposes
  - Ensure that financial reporting is completed accurately
  - Reduce risk associated with fraud
  - Check and balance system over operations

# Internal Controls (continued)

- Control Deficiency
  - Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
- Material Weakness
  - A deficiency, or combination of deficiencies such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.
- Significant Deficiency
  - A deficiency, or combination of deficiencies that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.



# Internal Controls (continued)

- Segregation of Duties
  - Essential part of an effective internal control system
  - The fundamental premise is that an individual or a small group of individuals should not be in position to initiate, approve, undertake, and review the same action.
  - If needed you can use your superintendent and/or your board

# Gateway Reports Reminder

- Gateway Annual Financial Report is required as part of IC 5-11-1-4
  - “Sec. 4. (a) The state examiner shall require from every ... local governmental unit ... financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.”
  - Penalty for not complying is DLGF will not “approve” budget or additional appropriations for subsequent periods.
  - Answers to “Unit Questions” dictate what portions are required to be completed.
  - Grants section requires complete and accurate information to avoid a federal finding in subsequent reports.

# Gateway Reports Reminder (continued)

Main Menu - Google Chrome  
[https://gateway.ifonline.org/afr/SBOA\\_Menu.aspx](https://gateway.ifonline.org/afr/SBOA_Menu.aspx)  
 Apps Indiana General Ass... 2014 IC Gateway Public Site Frontier-Yahoo! Mail People Soft The Learning Conne... Health Assessment I... Scramble Handicap ... Other bookmarks



for government units

An *Information for Indiana* Data Site



[Home](#) [About](#) [Account Settings](#) [Help](#) [Logout](#)

Indiana State  
Board of Accounts

Select Unit and Year > AFR Main Menu

County: sboatest County  
 Unit: Sboa School Unit  
 Year: 2013-2014

## Annual Financial Report Main Menu ?

The sections below are the ones that are required to complete your annual financial report. Some of these sections are based on the answers that you gave to the questions on the previous screen. If you need to go back and change any of the answers to those questions, click on Unit Questions above.

Unit Information		Status
<a href="#">Unit Questions</a> <a href="#">Schedule of Officials</a>	The answers to these questions determine what forms are available in the system. Enter information regarding officials and contact information.	Complete Complete

  

Core Reporting		Status
<a href="#">Capital Assets</a> <a href="#">Grants</a> <a href="#">Accounts Payable/Receivable</a> <a href="#">Debt</a> <a href="#">Leases</a> <a href="#">Financial Assistance to Non Governmental Entities</a> <a href="#">Pensions</a>	Using your Capital Asset records complete the Schedule of Capital Assets (land, building, equipment, etc) as of the end of the year. Complete the Grant Schedule for grants you received or disbursed money from during the year. Accounts Payable/Receivable Complete the Debt Schedule (bond issues, lines of credit, etc) as of the end of the year. Amount of lease payments in force as of end of year. Enter financial assistance your unit has given to entities such as: Volunteer Fire Depts, YMCA, Senior Citizen Centers, etc. Don't consider amounts paid for goods or services in answering this question. Information about what pension plans the unit administers or participates in.	\$0 in Assets 1 Grant(s) 1 Record(s) 6 Record(s) 2 Record(s) 2 Record(s) Complete

  

System Functions		Status
<a href="#">Annual Report Outputs</a> <a href="#">Review Submission</a> <a href="#">Submit Annual Report</a>	Reports may be viewed as PDFs or Excel spreadsheets. Review any submission errors or warnings. Review and submit the annual report to SBOA	Available Available Not Submitted

The Indiana Gateway for Government Units provides a central portal for local governments to submit forms to the [State Board of Accounts](#). It is maintained by the [Indiana Business Research Center](#) as part of the Information for Indiana Initiative.

Email

- [Technical Issues](#)
- [SBOA](#)

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 Information for Indiana

# Gateway Reports Reminder (continued)

- The Gateway 100R report is required per IC 5-11-13-1
  - “Sec. 1. (a) Every ... school official ... shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees... The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7.”
  - Penalty for not complying is DLGF will not “approve” budget or additional appropriations for subsequent periods.
  - All employees should be listed including school board members, athletic coaches, ECA sponsors, etc.



# Public Law Changes for 2015

[www.in.gov/legislative/](http://www.in.gov/legislative/)



Public Law 17-2015

House Enrolled Act 1056

Student transfers

Adds IC 20-26-11-6.5 and IC 20-26-11-6.7

- Effective July 1, 2015

- Provides that a student may transfer to a school corporation if the student's parent is an employee of the school corporation and the school corporation has the capacity to accept the student. Provides that an elementary school student who attended an accredited nonpublic elementary school in the attendance area of a school corporation in which the student does not have legal settlement may attend a high school in the school corporation if the school corporation: (1) has the capacity to accept the student and the majority of the students in the same grade as the transferring student at the accredited nonpublic school have legal settlement in the transferee school corporation; (2) has only one high school; and (3) does not have a policy to accept transfer students.



Public Law 34-2015

Senate Enrolled Act 489

State board of accounts issues

Adds IC 5-11-1-28.2 and IC 5-11-1-29

- Effective July 1, 2015

- Provides that the state board of accounts has access to any periodic statement of condition filed by a depository with the treasurer of state. Provides that a vendor upon request shall allow the state board of accounts to access all software and records of computer services that a vendor has supplied to a political subdivision. Defines a vendor as a person who supplies electronic goods, software, or technological services (including computer services) to a political subdivision.



Public Law 57-2015  
House Enrolled Act 1335  
Removal of public officers  
Amends IC 5-8-1-38  
- Effective July 1, 2015

- Specifies that a "public officer", for purposes of the law concerning removal of public officers, includes an individual who holds an elected office or an appointed office of the state or a political subdivision. (Current law includes state, county, township, city, or town officials.)



## Senate Enrolled Act 251

### Controlled projects

Amends IC 6-1.1-20-3.1; and IC 6-1.1-20-3.6

- Effective July 1, 2015

- Specifies that the political subdivision must, before the preliminary determination is made for the capital project, segregate the money as provided in a capital improvement plan, a capital development plan, or a similar plan adopted by the political subdivision. (Current law also excludes any expenditures that will be paid from donations or other gifts.) Provides that a person that owns property within a political subdivision or a person that is a registered voter residing within a political subdivision may file a petition with the department of local government finance (DLGF) objecting that the political subdivision has artificially divided a capital project into multiple capital projects in order to avoid the petition and remonstrance requirements or the referendum requirements. (Current law prohibits the artificial division of capital projects for such a purpose.) Requires the DLGF to make a final determination not later than 30 days after receiving the petition.



Senate Enrolled Act 369  
Publication and internet posting of information

- VETOED BY GOVERNOR!!!



Senate Enrolled Act 393  
Public official surety bonds  
Amends IC 20-26-4-5

- Effective July 1, 2015 and January 1, 2016

- Requires certain public employees and contractors that have access to public funds to file a bond. Specifies guidelines for fixing the amount of certain bonds. Provides for purchase of a blanket bond that includes aggregate coverage.



## Senate Enrolled Act 500

### Education deregulation

### Amends and Adds various Indiana Codes

- Effective Upon passage and July 1, 2015

- Makes comprehensive revisions to the Indiana Code relating to all aspects of the administration of schools and school corporations and the education of students from pre-kindergarten through grade 12. Repeals various obsolete provisions and provisions that limit local control of schools. Establishes a school reporting oversight committee to review all reporting requirements by the state for schools. Makes conforming and technical amendments.

# House Enrolled Act 1001

## State biennial budget

### Adds and Amends numerous Indiana Codes

#### - Effective July 1, 2015 and January 1, 2016

- Places a cap on the number of adult learners that are to be funded in each state fiscal year. Provides for the determination of state funding of public schools for state fiscal year 2015-2016 and state fiscal year 2016-2017. Allows school capital projects funds to continue to be used for utilities and insurance until July 1, 2017. Urges the assignment to a study committee of topics concerning school capital projects funds. Extends the school performance grant program through the 2016-2017 school year, and makes changes in the calculation and use of the grant for stipends to teachers. Permits teachers to receive a supplemental amount for completion of certain master's degrees. Provides that a school corporation must consider certain factors in developing a performance evaluation model. Repeals the statutes establishing the education roundtable and makes conforming amendments.
- Increases the fee for taxing units for state board of accounts audits from \$45 per day to \$175 per day. Specifies that the fee for state colleges and universities is the direct and indirect cost of an examination (now \$83 per hour). Permits a state college or university to have its examination performed by an independent certified public accounting firm. Provides that fees collected for audits are to be deposited in the state board of accounts trust and agency fund. Makes the fund a dedicated fund that can be used to cover expenses of doing audits.

# House Enrolled Act 1019

## Common construction wage and public works Adds and Amends numerous Indiana Codes

- Effective July 1, 2015

- Repeals the common construction wage statute. Repeals related statutes superseded by the repeal of the common construction wage statute. Increases the "small project" cap for a public works project from \$150,000 to \$300,000. Unless required by federal or state law, prohibits a public agency from establishing, mandating, or otherwise requiring a wage scale or wage schedule for a public works project. Provides that the following apply to all public works projects, except public-private, design-build, and construction manager as constructor agreements: (1) Provides that a public works contract may not be structured other than in four contractor tiers. (2) Provides that each prime contractor on a public works project must perform at least 15% of the total contract price, as determined at the time the contract is awarded, with its own labor, services, or materials. (3) Requires each contractor in each contractor tier to maintain general liability insurance. (4) Requires each contractor in each contractor tier to be qualified by the department of administration or the department of transportation before doing any work on a public works project. (5) Requires certain employees of a public works contract to be "e-verified". (6) Provides that a contractor on a public works project may not pay its employees in cash. (7) Requires a contractor to comply with certain federal and Indiana laws relating to labor. (8) Requires: (A) a contractor on a public works project that employs 10 or more employees to provide access to a training program applicable to the tasks to be performed by the employees in the normal course of their employment; and (B) a tier 1 or tier 2 contractor that employs 50 or more journeymen to participate in an apprenticeship training program that meets the standards established by the United States Department of Labor, Bureau of Apprenticeship and Training. (9) For a public works contract awarded after June 30, 2016, requires that the payroll and related records of a contractor in any contractor tier must be preserved by the contractor for 3 years after completion of the project work and be open to inspection by the department of workforce development (DWD), which must maintain the confidentiality of all records inspected. For a public works contract awarded after June 30, 2016, provides that a public agency that suspects the misclassification of one or more workers on the public agency's public works project may request in writing that DWD investigate the suspected misclassification, and if DWD finds information or records supporting the misclassification, DWD may refer the matter to an appropriate agency for further action. Provides that a public agency that reasonably suspects a contractor has violated these requirements shall refer certain violations to the appropriate agency for investigation or require the contractor to remedy certain violations not later than 30 days after the agency notifies the contractor of the violation. If the contractor fails to remedy the violation, requires the public agency to find the contractor to be not responsible for a period based on the severity of the violation, but for not more than 48 months. Provides that a finding that the contractor is not responsible may not be used by another public agency in making a determination as to whether that contractor is responsible. Provides that a determination that a contractor is not responsible is final and conclusive and subject to judicial review under IC 34-13-5. Requires a contractor that, after June 30, 2015, is awarded a public works contract with an estimated cost of at least \$150,000 by a political subdivision to have an employee drug testing program.

# House Enrolled Act 1104

## Financial examinations and the state board of accounts

### Adds and Amends Numerous Indiana Codes

#### - Effective July 1, 2015

- Permits the state board of accounts to determine the frequency with which the state board of accounts conducts financial examinations based on risk based criteria approved by the audit and financial reporting subcommittee of the legislative council. Eliminates the requirement that the state examiner must annually furnish forms and instructions to reporting officers. Specifies that certain examinations by the state board of accounts may (rather than must, under current law) be made without notice. Provides that the state board of accounts may only release examination workpapers and investigation records to certain persons. Adds provisions for allowing a public entity to have an examination: (1) conducted outside the time frame provided for by statute or state board of accounts guidelines, due to federal requirements, continuing disclosure requirements, or as a condition of a public bond issuance; or (2) conducted in accordance with generally accepted accounting principles. Provides that the results of an examination of the state board of accounts are confidential until approved and released for publication by the state examiner. Permits disclosure under certain circumstances. Provides that an executive or a fiscal officer of a unit may establish a fraud hotline telephone number that the public may use to report suspected fraudulent activity concerning officers or employees of the unit. Provides that: (1) the identity of a caller to a fraud hotline; and (2) a report, transcript, audio recording, or other information obtained from a fraud hotline; are exempt from public disclosure.

## House Enrolled Act 1264

### Political subdivision internal controls

Adds IC 5-11-1-28 and IC 36-1-23;

Amends IC 3-5-9-4; IC 3-5-9-6; IC 3-5-9-7; 5-3-1-3; IC 5-11-1-4;

IC 5-11-1-27; IC 6-1.1-17-16.2; IC 6-1.1-18-5; IC 20-26-7-18;

IC 36-1-4-9; IC 36-2-6-18; IC 39-3-4-21; IC 36-4-6-19; IC 36-8-10-3

- Effective July 1, 2015

- Beginning July 1, 2016, requires the following: (1) The legislative body of a political subdivision to ensure appropriate training of personnel concerning the political subdivision's internal control system. (2) The fiscal officer of a political subdivision to certify annually that certain internal controls and procedures are in place and that personnel have received training in the internal controls and procedures. (3) The state board of accounts (board) to issue a comment in its examination report if internal controls and procedures are not adopted or personnel have not received training. (4) The board to report the uncorrected violations to the department of local government finance (DLGF). (5) The DLGF may not approve the political subdivision's budget or supplemental appropriations if the political subdivision fails to adopt internal controls and procedures or train personnel. (6) Certain reporting and follow up related to a report of misappropriation of political subdivision funds. (7) Board action for material variances, losses, shortages, or thefts. Requires the board to develop or designate personnel training materials not later than November 1, 2015. Effective July 1, 2016, provides for restitution related to attorney general proceedings. Provides that certain political subdivisions may not issue bonds unless: (1) the political subdivision has filed required annual financial reports with the state board of accounts or (in the case of a school corporation) the department of education; and (2) the annual financial reports are prepared in accordance with all generally accepted accounting principles for financial accounting and reporting (GAAP) as established by the Governmental Accounting Standards Board. Provides that these requirements apply only as follows for school corporations: (1) After August 15, 2019, and before August 16, 2020, to a school corporation that has an average daily membership count (ADM) of greater than 25,000. (2) After August 15, 2020, to a school corporation that has an ADM of greater than 15,000. Provides that the state examiner may waive the requirement that the annual financial report comply with generally accepted accounting principles.



Public Law 139-2015

House Enrolled Act 1281

Local government investments

Amends IC 5-13-6-1; Adds IC 5-13-9.3

- Effective July 1, 2015

- Provides that a political subdivision (other than a township) is not required to deposit funds on the next business day following receipt of the funds if the funds on hand do not exceed \$500. (Under current law, a political subdivision (other than a township) must deposit funds not later than the next business day following the receipt of the funds regardless of the amount.) Provides that if the proceeds from the sale of a capital asset owned by a political subdivision exceed \$50,000,000, the fiscal body of the political subdivision may do the following: (1) Require some or all of the proceeds to be deposited into a separate fund. (2) Authorize the proceeds to be invested in the same manner as money in the next generation trust fund may be invested, and if so invested, all money that is in a deposit account and not in some other form of investment must be deposited in one or more designated depositories of the political subdivision in the same manner as other public funds of the political subdivision are deposited. Specifies that an expenditure or transfer of any money that is part of the principal of the fund may be made only if the expenditure or transfer is approved by each member of the fiscal body of the political subdivision and by each member of the executive of the political subdivision. Provides that an expenditure or transfer of any money that is part of the principal of the donation may be made only upon unanimous approval of the board of trustees. Provides that to the extent that investment income earned on the principal amount of the donation during a calendar year exceeds 5% of the amount of the principal at the beginning of the calendar year, that excess investment income shall be added to and be considered a part of the principal amount of the donation.

# Additional 2015 Public Law Changes to Review

- Public Law 1-2015, SEA 62 – 2015 ISTEP program
  - Public Law 5-2015, SEA 4 – Technical corrections
  - Public Law 37-2015, HEA 1188 – Student teaching
  - Public Law 44-2015, SEA 80 – Taxation of internet access
  - Public Law 52-2015, SEA 394 – Reporting of government malfeasance
  - Public Law 86-2015, SEA 556 – Fire prevention and building safety
- 
- Senate Enrolled Act 001 – State board of education governance
  - Senate Enrolled Act 267 – Dual language immersion; biliteracy
  - Senate Enrolled Act 476 – School capital projects fund tax rate
  - Public Law 171-2015, SEA 528 – Preservation of public records
  - Public Law 122-2015, SEA 530 – Public notice in newspapers
  - Senate Enrolled Act 566 - Education

# Additional 2015 Public Law Changes to Review (continued)

- House Enrolled Act 1009 – Education
- Public Law 98-2015, HEA 1068 – Background checks
- House Enrolled Act 1108 – Dyslexia
- Public Law 99-2015, HEA 1194 – High school diplomas
- House Enrolled Act 1371 – Public officials, liens, and restricted addresses
- Public Law 103-2015, HEA 1414 – School safety drills
- House Enrolled Act 1438 – Adult high schools
- House Enrolled Act 1466 – Various pension matters
- House Enrolled Act 1483 – Various education issues
- House Enrolled Act 1603 – Property tax appeals
- House Enrolled Act 1635 – Dual language immersion pilot program
- House Enrolled Act 1636 – Charter schools
- House Enrolled Act 1638 – State intervention in failing schools