

Guidelines for Repeat Finding Corrective Action Plans

AUTHORITY

Indiana Code 5-11-5-1.5 provides that if an examination report contains a finding, the audited entity shall take action to address the finding. If the finding is repeated in a subsequent examination report, the audited entity must file a corrective action plan (CAP) with the State Board of Accounts (SBOA). These guidelines should be used by the audited entity if a CAP is required due to a repeat finding.

DEFINITIONS

Audit Committee	Established in IC 2-5-1.1-6.3(b): "The audit and financial reporting subcommittee of the legislative council is established to assure the independence of the state board of accounts." IC 2-5-1.1-6.3(c) states in part: "It is the responsibility of the audit committee to provide independent review and oversight of the state board of accounts and the examination process used by the state board of accounts."
Audited Entity	Defined in IC 5-11-5-1.5(a) as "... (1) A state agency (as defined in IC 4-13-1-1). (2) A public hospital. (3) A municipality. (4) A body corporate and politic. (5) A state educational institution. (6) An entity to the extent that the entity is required to be examined under IC 5-11-1-9 or another law."
Examination	An engagement performed by the SBOA, including, but not limited to: single audits, financial audits, examinations, reviews, compliance engagements, and special investigations.
Examination Report	A publicly filed report issued as a result of an examination.
Finding	A written comment in an examination report regarding the failure of an audited entity to observe a uniform compliance guidelines established under IC 5-11-1-24, or to comply with a specific law.
Repeat Finding	A finding in a subsequent examination report that is the same as or substantially similar to the finding contained in a previous examination report.

GUIDELINES

For all engagements begun after December 1, 2017 and exited after February 1, 2018, a CAP will be required if the examination report includes a repeat finding.

Notification of Repeat Finding

When an engagement is completed, those in governance and the affected official will be formally notified at the exit conference if there are any repeat findings.

At the exit conference, SBOA field examiners will provide the CAP template and will discuss potential solutions for correcting the repeat finding(s). The potential solutions offered are for discussion purposes only and should not be perceived as specific or mandatory instructions for the corrective action to be taken. Entity personnel are responsible for evaluating the circumstances and then determining the appropriate corrective action.

Preparation of CAP

A separate CAP should be prepared and submitted for each repeat finding.

To facilitate the preparation of the CAP, the SBOA has created a template, which is attached to this document. After the exit conference, the audited entity will have ten (calendar) days to submit a response to the SBOA either by submitting the CAP through the SBOA website www.in.gov/sboa/5207.htm or by requesting an extension to complete the plan to CAP@sboa.in.gov.

Timeline for Implementation of CAP

Once the CAP has been submitted to the SBOA, it will be reviewed to determine if the plan has all required elements and that the entity is addressing the substance of the finding. After it is reviewed, the entity's contact person will be notified that the CAP has been accepted.

IC 5-11-5-1.5 requires that a repeat finding must be corrected not later than 6 months after the date on which the CAP is filed.

In instances where the corrective action will require more than 6 months, a detailed reason why along with a detailed time-line must be provided in the CAP. These instances will be rare and based on the nature of the issue.

If, during implementation of the CAP, the audited entity determines that the plan is either not feasible or requires significant adjustment, the entity must notify SBOA via CAP@sboa.in.gov immediately.

Completion of CAP

When the CAP is completed and the repeat finding has been corrected, the audited entity must notify the SBOA via CAP@sboa.in.gov.

The SBOA will verify the information submitted and either confirm that the repeat finding has been corrected or discuss with the audited entity that additional steps may be required to correct the repeat finding.

CAP Not Filed or Repeat Finding Not Corrected

If a CAP is not implemented or the repeat finding is not corrected within six months, the SBOA is required to prepare a memorandum to the audit committee summarizing the examination report finding, the CAP, the manner by which the examination report finding was or was not addressed, and a recommended course of action.

The SBOA must present this memorandum to the audit committee. If the audit committee determines that further action should be taken, the audit committee may proceed in accordance with IC 5-11-5-1.5(f).

FREQUENTLY ASKED QUESTIONS

What if I have questions about how to complete my CAP?

Please submit questions to CAP@sboa.in.gov.

How will I be informed that the plan has been accepted?

You will be notified via the contact person's email address.

Are federal findings included in this CAP?

Yes, the CAP applies to all findings identified during the period under audit that are the same or substantially similar to a finding in the previous report.

Do I have to write a separate CAP for the federal findings?

Since the repeat finding CAP requires more detail, it is acceptable to issue one CAP as long as it complies with the SBOA CAP requirements. Please note that the requirements are different for the federal finding CAP and the repeat finding CAP.

The requirements for a federal CAP are found in 2 CFR 200.511(a). The federal CAP must provide the names of the contact person(s) responsible for corrective action, the correction action planned for each audit finding (referred to by the auditor-assigned reference number), and the anticipated completion date. If the auditee does not agree with the audit findings, or believes corrective action is not required, the CAP must contain an explanation and specific reasons why the auditee disagrees.

While similar, the repeat finding CAP requires more detail about the audited entity's understanding of the cause, specific plan for corrective action, and the time-line for completion.

The submission of a federal CAP is required prior to the exit conference and is to be submitted to the SBOA examiners who performed the audit. The submission of the repeat finding CAP is required within 10 (calendar) days from the exit conference and must be submitted through: www.in.gov/sboa/5207.htm even if it is exactly the same as the one provided to the SBOA examiners who performed the audit. More time is allowed for the repeat finding CAP submitted through the SBOA website due to the additional detail required.

Why are titles used for results and comments and numbers used for federal findings?

Results and comments, which describe instances of noncompliance with state statute and uniform compliance guidelines, are identified by title in the report. Federal findings address noncompliance with federal statutes and are identified per the Code of Federal Regulations by Finding Number.