

INDIANA STATE BOARD OF ACCOUNTS



City and Town Court Judge Orientation

January 31, 2024

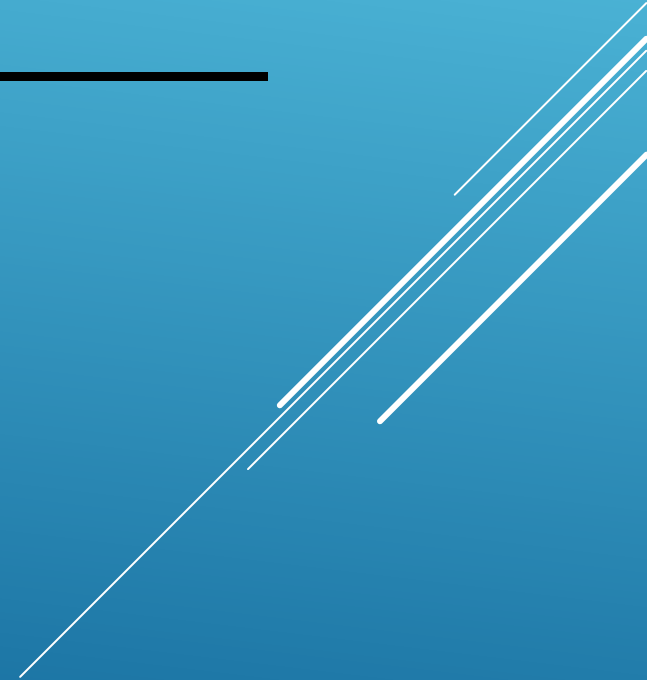
Indianapolis

SBOA CONTACT INFORMATION



Beth Goss

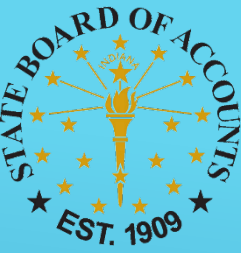
Mitch Wilson



OVERVIEW OF THE STATE BOARD OF ACCOUNTS



BY PHONE



317-232-2513



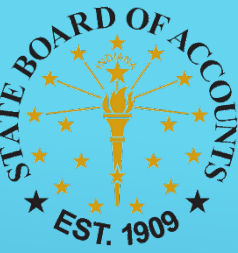
BY EMAIL



cities.towns@sboa.in.gov



BY SNAIL-MAIL



Indiana State Board of Accounts
302 W. Washington Street
Room E418
Indianapolis, IN 46204

GLOSSARY OF TERMS



- SBOA – *State Board of Accounts*
- ARC – *Audit Result and Comment*
- NCML – *Non-Compliance Management Letter*
- IC – *Indiana Code*
- AFR – *Annual Financial Report*

GLOSSARY OF TERMS



- Form 100-R – *Report of Compensation, etc.*
- Manual – *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns Courts*
- Bulletin – *Cities and Towns Bulletin and Uniform Compliance Guidelines*

GLOSSARY OF TERMS



SBOA / ABOUT US / SBOA GLOSSARY OF ACCOUNTING AND AUDIT TERMS

SBOA Glossary of Accounting and Audit Terms

[A](#) | [B](#) | [C](#) | [D](#) | [E](#) | [F](#) | [G](#) | [H](#) | [I](#) | [J](#) | [K](#) | [L](#) | [M](#) | [N](#) | [O](#) | [P](#) | [Q](#) | [R](#) | [S](#) | [T](#) | [U](#) | [V](#) | [W](#) | [X](#) | [Y](#) | [Z](#)

[Preface](#) | [Authoritative Bodies](#) | [Acronyms](#)

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🏠 SBOA

About Us



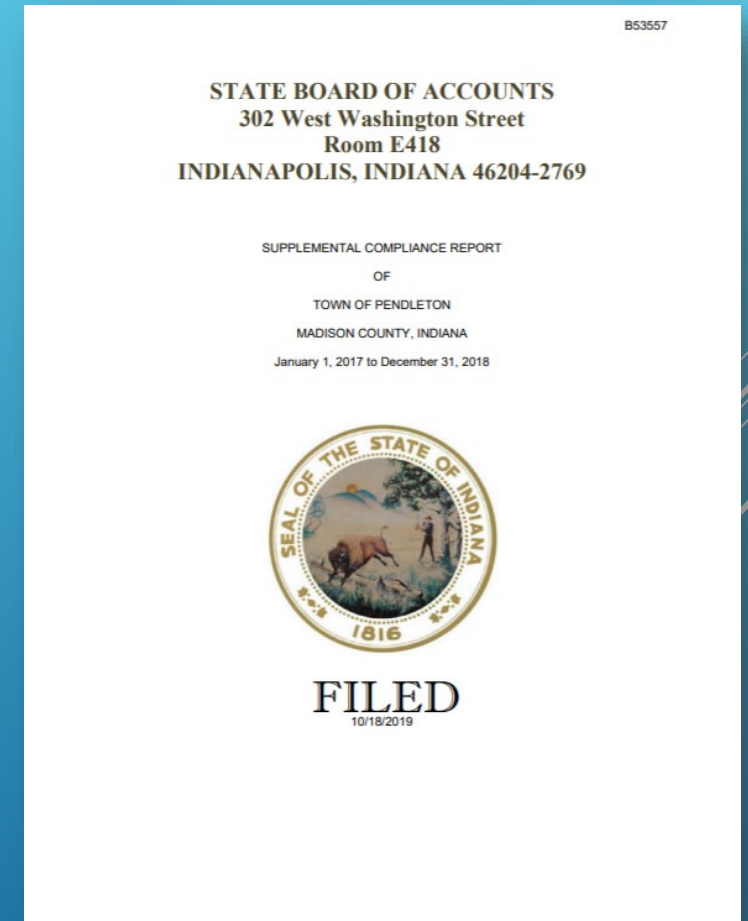
- SBOA Glossary of Accounting and Audit Terms

SBOA – AN OVERVIEW



What is the State Board of Accounts?

- Created by Indiana Code 5-11-1
- Audit the financial statements, records & accounts of all state and local governmental units
- Prepares and file reports opining on the accuracy of the financial statements and noting any noncompliance with laws or guidelines.



SBOA – MISSION STATEMENT



“We are dedicated to providing the citizens of the State of Indiana with complete confidence in the integrity and financial accountability of state and local government.”

SBOA – AN OVERVIEW

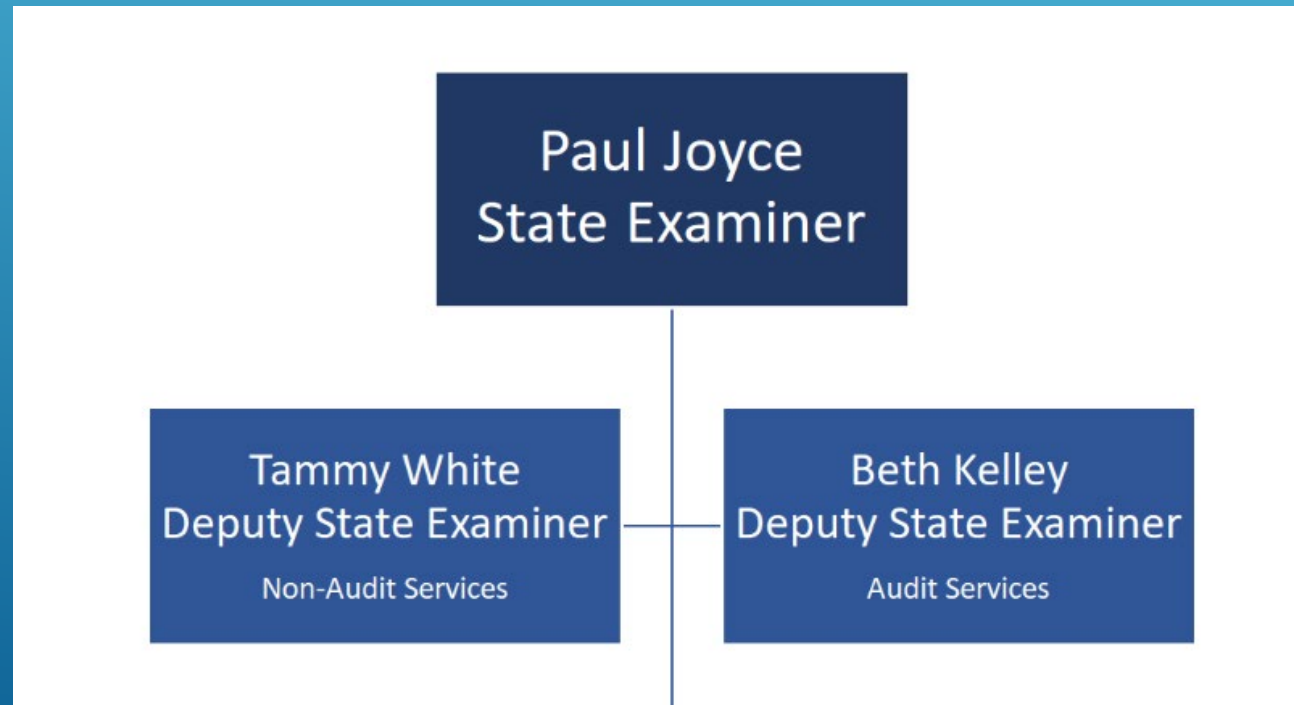


- Organized by law in 1909 as “Department of Inspection and Supervision of Public Offices”
- In 1945, the rights, duties, and powers were transferred to the State Board of Accounts



SBOA – AN OVERVIEW

- Indiana State Board of Accounts
 - Three-member board consisting of a State Examiner and two Deputy State Examiners



SBOA – AN OVERVIEW



Audit Coordinators

- Supervise overall audit projects

Audit Managers

- Manage audit projects

Audit staff

- Team assigned to an engagement
- Lead Auditor and field examiners

SBOA – AN OVERVIEW



Accounting & Uniform Compliance Guidelines Manual for Cities and Towns

Accounting & Uniform Compliance Guidelines Manual for City and Town Courts

Cities & Towns Bulletin and Uniform Compliance Guidelines

ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR CITIES AND TOWNS



ISSUED BY
STATE BOARD OF ACCOUNTS
STATE OF INDIANA

ACCOUNTING AND UNIFORM COMPLIANCE GUIDELINES MANUAL FOR CITY AND TOWN COURTS



STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
Indianapolis, Indiana 46204

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CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES
ISSUED BY STATE BOARD OF ACCOUNTS

September 2019

PAGE 1

JUNE TRAINING SCHOOL

The State Board of Accounts extends its deepest appreciation to the officers and committees of the Indiana League of Municipal Clerks and Treasurers (ILMCT) for making the arrangements and to Accelerate Indiana Municipalities (AIM) for handling the registrations and providing space for our Resource Center at the School in Fort Wayne. Next year's June School will be held in Evansville as part of the League's Annual Conference during the week of June 8 through June 11.

FALL DISTRICT MEETINGS

The ILMCT Fall District meetings will again qualify as State-Called meeting days. This year's meetings will be in Middlebury on October 17 and in Bloomington on October 23. Registration information will be sent out by the League for the District meetings.

HEALTH SAVING ACCOUNT PAYMENTS

It has come to our attention that some units are not using payroll withholding funds to account for the employee directed Health Savings Account payments. Instead, the units make direct deposits to the Health Savings Accounts in a similar manner to the process of making net pay direct deposits to the employee's bank account. Historically, our audit position has been to take exception to this accounting practice because all payroll transactions were not being recorded in the financial records. The State Board of Accounts has revised the audit position on this process and we will not take audit exception to amounts approved by employees being deposited directly into Health Savings Accounts without the use of a payroll withholding fund, provided the following criteria are observed:

- 1) Unit is following state and federal guidelines of Health Savings Accounts;
- 2) Reports of amounts deposited into Health Savings Accounts are produced in detail by employee for each individual payroll period and maintained for audit; and
- 3) Amounts deposited into Health Savings Accounts (employee and employer share) are approved by the governing board.

CAPITAL ASSET LEDGER FORM 369

Cities and Towns Form No. 211 Capital Assets Ledger requires the same information as the General Form No. 369 which is prescribed for all units. Cities and Towns Form No. 211 is being rescinded and General Form No. 369 Capital Assets Ledger will be the prescribed form to be used by Cities and Towns. Since both forms require the same information, this should not impact the information you have been maintaining in your system to account for capital assets.

The Capital Asset Ledger form has been updated to reflect terminology currently used in the accounting for capital assets and to mirror the classifications required in



IN.GOV An official website of the Indiana State Government

Accessibility Settings Language Translation Governor Eric J. Holcomb

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Indiana State Board of Accounts



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SBOA / POLITICAL SUBDIVISIONS / CITIES

Cities

Subscribe for e-mail updates >

Contact Information

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(317) 232-2513	(317) 232-2513

Hot Topics ▾

Overview ▾

Corrective Action Plan (CAP) - Repeat Findings ▾

- SBOA
- About Us
- Political Subdivisions
 - General Overview
 - Internal Control Standards
 - Charter Schools
 - Cities**
 - Counties
 - Hospitals
 - Housing Authorities
 - Libraries
 - Non-Governmental Entities Receiving Governmental Assistance



Uniform Compliance Guidelines ▼

State Examiner Directives ▼

Manuals ▼

Accounting and Financial Regulatory Reporting Manual

[Accounting and Financial Regulatory Reporting Manual - 2023 \(Currently Effective\)](#)

[Enhanced Regulatory Reporting Manual - \(For Future Implementation\)](#)

Internal Control Manual

[Uniform Internal Control Standards for Indiana Political Subdivisions](#)

Information Technology Manual

[Accounting and Uniform Compliance Guidelines Manual for Indiana Political Subdivisions - Information Technology](#)



Court - Uniform Compliance Guidelines Manual

You can view the manual online by clicking on one of the Chapters below:

- [Table of Contents \(2013\)](#)
- [Chapter 1 - Official Records and Forms \(2020\)](#)
- [Chapter 2 - Court Costs \(2020\)](#)
- [Chapter 3 - Other Court Fees \(2020\)](#)
- [Chapter 4 - Other Uniform Compliance Guidelines \(2020\)](#)
- [Chapter 5 - Illustrated Forms \(2013\)](#)
- [Index \(2013\)](#)
- [Court Costs and Fees by Case Type](#)
- [Court Costs Alphabetical Listing](#)



Bulletins ▼

> You can view the Cities and Towns Bulletins online by selecting the one you want to see below, or you can search the index by [clicking here](#).

2023	2022	2021	2020
<ul style="list-style-type: none">• September• June• March	<ul style="list-style-type: none">• December• March• June• September	<ul style="list-style-type: none">• December• September• June• March	<ul style="list-style-type: none">• December• September• June• March
2019	2018	2017	2016
<ul style="list-style-type: none">• December• September• June• March	<ul style="list-style-type: none">• December• September• June• March	<ul style="list-style-type: none">• December• September• June• March	<ul style="list-style-type: none">• December• September• June - pt 2• June• March



Presentations and Training Materials ▼

[SBOA YouTube Channel](#)

Click on the above link if you wish to view training videos posted to our YouTube channel.

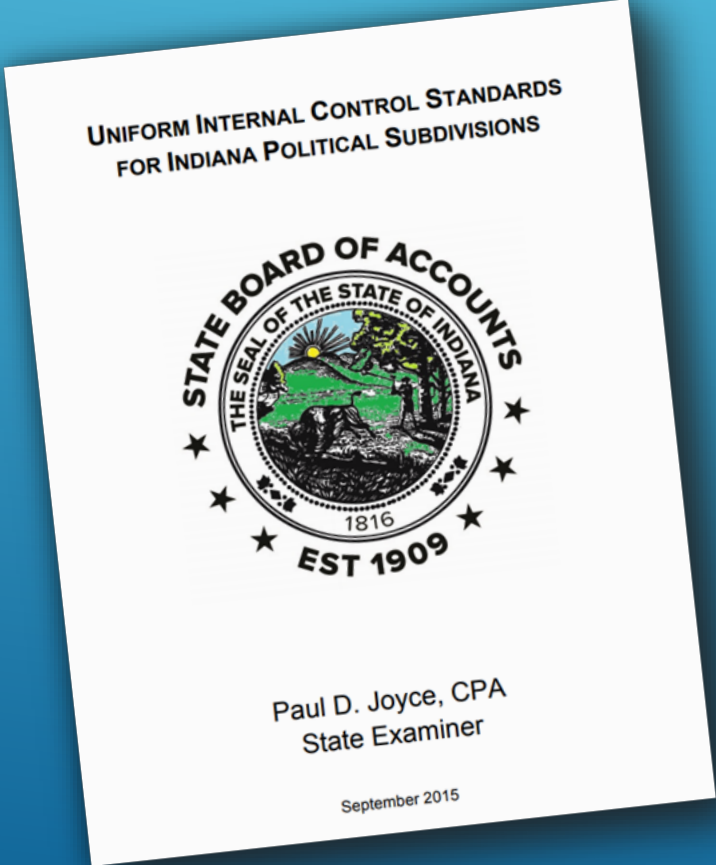
ILMCT District Meeting - October 2023

- [Wilson/Goss - Legislative Updates](#)
- [Wilson/Goss - Gateway Updates](#)
- [Wilson/Goss - Frequent Federal Findings](#)

Annual Training School for City and Town Clerk-Treasurers, City Clerks, and City Controllers - June 2023

- [Call Letter](#)
- [Agenda](#)
- [INPRS - Retirement, PERF, Procedures](#)
- [IOT - Cybersecurity](#)
- [Public Access Counselor](#)

INTERNAL CONTROLS



INTERNAL CONTROLS



Why internal controls?

What are internal controls?

INTERNAL CONTROLS – WHAT ARE THEY?



- Internal control is a process executed by officials and employees that is designed to provide reasonable assurance that the objectives of the political subdivision will be achieved.
- It is a basic element fundamental to the organization, rather than a list of added on tasks;
- It is an adaptable process that is a means to an end, not an end in itself;
- It is focused on the achievement of objectives; and
- It is dependent on officials and employees for effective implementation.

INTERNAL CONTROLS – WHAT ARE THEY?



- Organizational roles are important
- All members of a city or town, including elected officials, board members, and employees full fill a role in the internal control system
- Leadership is key – the tone is set at the top
- Clear support from leadership engages a successful, effective internal control system

INTERNAL CONTROLS – WHAT ARE THEY?



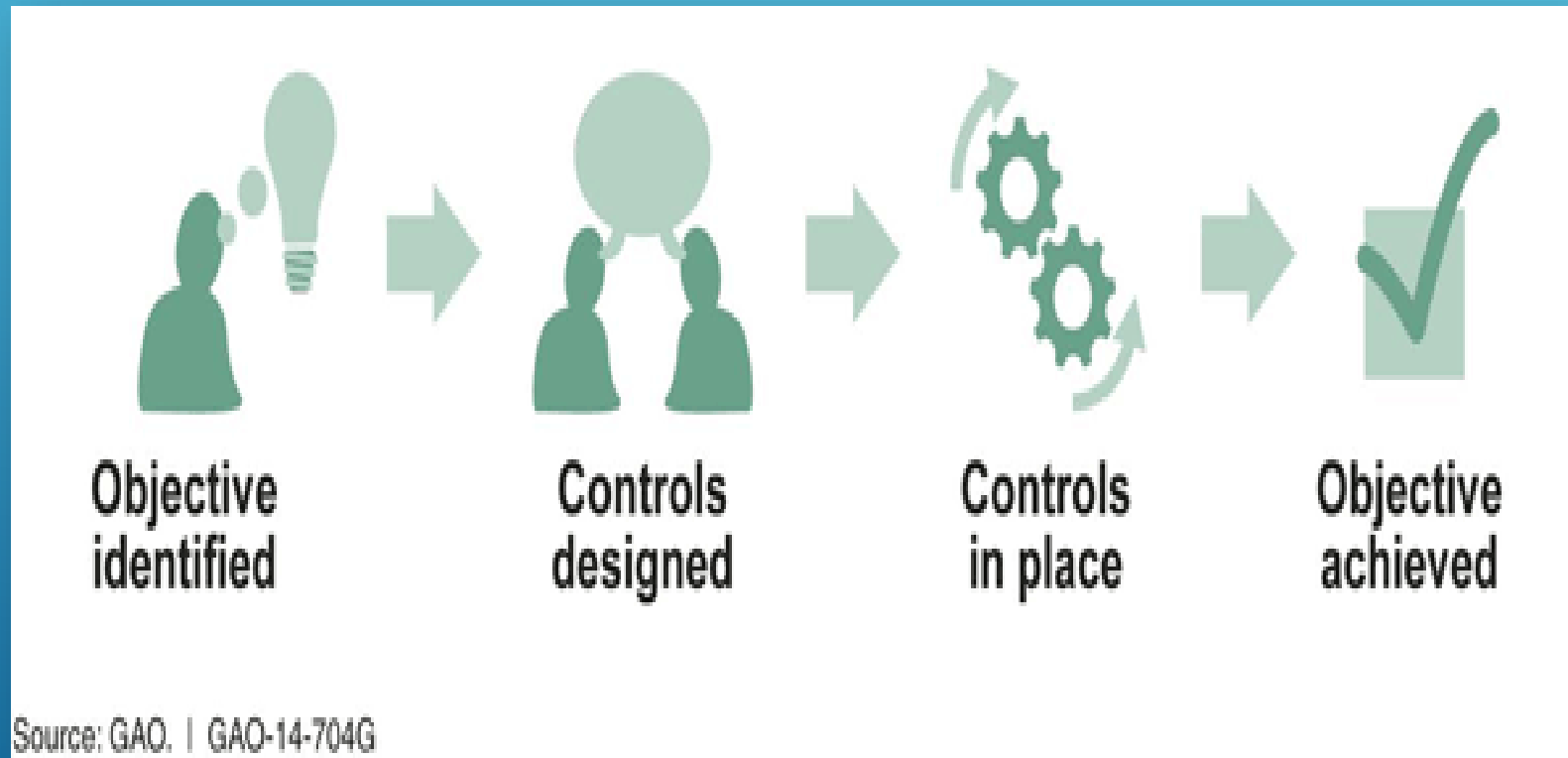
Five components of internal control

The five components of internal control as described in the COSO framework are as follows:



- Monitoring
- Information and Communication
- Control Activities
- Risk Assessment
- Control Environment

INTERNAL CONTROLS – WHAT ARE THEY?



INTERNAL CONTROLS



Indiana Code 5-11-1-27(e):

“... the state board of accounts shall define ... the acceptable minimum level of internal control standards and internal control procedures for internal control systems of political subdivisions, including the following:

- (1) Control environment.
- (2) Risk assessment.
- (3) Control activities.
- (4) Information and communication.
- (5) Monitoring.

The internal control standards and procedures shall be developed to promote government accountability and transparency.”

INTERNAL CONTROLS



Indiana Code 5-11-1-27(g)

“... the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.” [Emphasis added]

INTERNAL CONTROLS




Indiana Code 5-11-1-27(c) defines “personnel”:

“... "personnel" means an officer or employee of a political subdivision whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to the federal government, state government, a political subdivision, or another governmental entity.”

[Emphasis added]

INTERNAL CONTROL TRAINING

- www.in.gov/sboa
- Navigate to 'cities' or 'towns'
- Scroll down **Internal Control Standards** ▼

- Then **Training**
- Find this 

A screenshot of a YouTube video player. The video title is "Information and Communication" and the channel is "Internal Controls Webinar". The video content includes a list of bullet points: "Emphasizes importance of quality information", "Volume and sources", "Complexity of processes", "Technology advances", and "Greater interaction with 3rd party vendors". At the bottom of the video frame, there is an illustration of two stylized figures carrying large sacks connected by a rope.

Information and Communication
Internal Controls Webinar

- Emphasizes importance of quality information
- Volume and sources
- Complexity of processes
- Technology advances
- Greater interaction with 3rd party vendors

<https://youtu.be/L0N80PBbPHQ>

INTERNAL CONTROL CERTIFICATION



Documentation of
“personnel”
receiving training
concerning internal
control standards &
procedures as
required by
IC 5-11-1-27(g)(2)

**INTERNAL CONTROL TRAINING CERTIFICATION
FOR ELECTED OFFICIALS, APPOINTEES, AND EMPLOYEES**

I, _____, the duly elected, appointed, or employed
(print name)

_____ for _____ certify that I
(position or title) (political subdivision)

received the following training concerning internal controls standards and procedures as required
by Ind. Code § 5-11-1-27(g)(2):

Title of Training	Time Spent
_____	_____
_____	_____
_____	_____

Date: _____ Signature _____

* This certification may be printed, signed, and retained in paper form or electronically. If signed electronically, the elected official, appointee, or employee must designate his or her signature by typing the last four (4) digits of their Social Security number in the signature line.

WHERE TO IMPLEMENT INTERNAL CONTROLS

- Bank Reconciliation
- Receipt Process
- Disbursement Process



BANK RECONCILEMENTS



- Indiana Code 5-13-6-1 (e)
 - Requires reconciliation at least monthly the balance disclosed in your records with the bank statements provided by your financial institutions.
- Without such a reconciliation, you won't truly be able to know how much money your city/town has available.
 - Necessary to make good financial decisions.

BANK RECONCILEMENTS



Internal Controls

- Process in writing – internal control policy
- Reviewed by someone outside the reconciliation process
- Document review by others

RECEIPT PROCESS



“Receipts shall be issued and recorded at the time of the transaction.”

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



COURT COLLECTIONS



- Court Costs
- Other Fees
- Fines
- Judgements

ACCOUNTING AND UNIFORM COMPLIANCE
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RECEIPT PROCESS



IC 5-13-6-1(d)

Requires deposit of funds not later than the next business day following receipt of the funds into one of the city or town's depositories.

Exception: IC 5-13-6-1(g)

A city/town is not required to deposit funds by the next business day if the funds on hand do not exceed \$500.

RECEIPT PROCESS – INTERNAL CONTROLS



- Segregation of Duties
- Have multiple people involved in the process
- No one person should be able to
 - Receive money
 - Make deposits
 - Post records
- Review – fees collected, deposits match receipts issued, etc....

COURT DISTRIBUTIONS



- ▶ State
- ▶ County
- ▶ City or Town Fiscal Officer

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CLERK'S RECORD PERPETUATION FUND – SOURCES



- IC 33-37-5-2
- Revenue received by clerk for transmitting documents by facsimile machine
- Document storage fees
- Late payment fees
- Fees for deposit of a will
- Fees for preparing a transcript/copy of any record
- Marriage certificates issued by clerk (\$2)
- Amount retained as admin fee

CLERK'S RECORD PERPETUATION FUND – USES



- The preservation of records
- The improvement of record keeping systems and equipment
- Case management system

UNCLAIMED MONEY



- All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto
- All fees and funds three or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1.5-4
- Items should not be allowed to accumulate beyond the three-year anniversary date

REPORTING LOSSES, VARIANCES, AND THEFTS



- IC 5-11-1-27(j)
- “Material” variances, losses, shortages, or thefts to be reported to the SBOA
- City/Town council must determine a materiality amount (State Examiner Directive 2015-6)

REPORTING LOSSES, VARIANCES, AND THEFTS



- IC 5-11-1-27(I)
- Misappropriation of public funds (loss or theft by public official) is to immediately be reported in writing to:
 - SBOA
 - County Prosecuting Attorney
- No materiality threshold for misappropriation of public funds (State Examiner Directive 2015-6)

SBOA CONTACT INFORMATION



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