

INDIANA STATE BOARD OF ACCOUNTS

**AIM Annual Budget Workshop
April 28, 2020**



CONTACTS



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TOPICS



Indiana State Board of Accounts - 2020

- COVID-19
 - ✓ *Policies*
- POLICIES IN GENERAL
- STATUTORY FUNDS
- Q & A
- ENHANCED REGULATORY
- OTHER COVID-RELATED ITEMS
- Q & A



POLICIES – COVID 19



Previously Discussed:

SBOA Memos

- 3/12/2020 - Policy
- 3/16/2020 - Considerations

Directive 2020-1

New:

SBOA Memos

- 3/31/2020 - Assistance
- 4/03/2020 - Continuity Essential Ops
- 4/09/2020 - Transfers
- 4/14/2020 - Electronic Signatures
- 4/20/2020 - CARES Provider Relief

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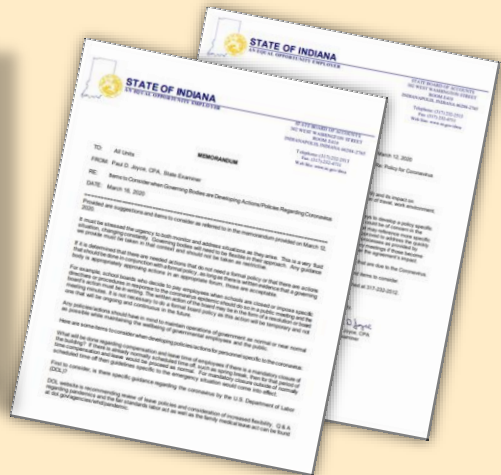


POLICIES – COVID 19



Memos 3/12/20 & 3/16/20

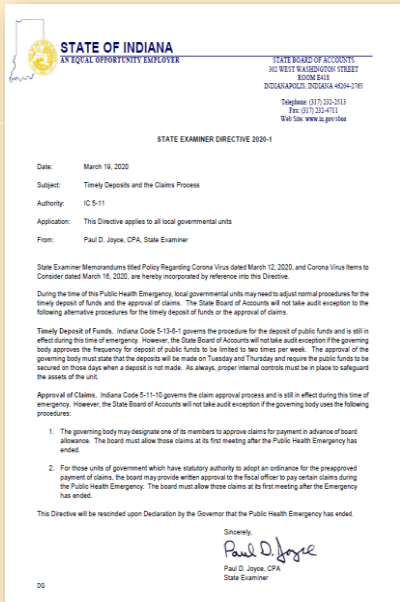
- ✓ Develop Policy
- ✓ Approve in Public Meeting
- ✓ Consult Attorney
- ✓ Items for Consideration
- ✓ SBOA Guidance not Restrictive
- ✓ SBOA Will NOT Take Audit Exception



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POLICIES – COVID 19



State Examiner Directive 2020-1 Timely Deposit of Funds

- ✓ Can limit frequency to 2 times/week
- ✓ Secure funds on days not deposited

Approval of Claims

- ✓ Designation of a governing body member to approve
- ✓ Council designate certain expenses paid

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POLICIES – COVID 19

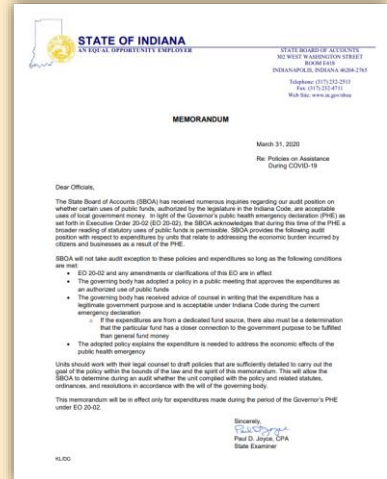


3/31/2020: Assistance

Several inquiries about using public funds as assistance. Policy adoption required.

No Audit Exception:

- Exec Order(s) still in effect
- Adopted policy approves expenditure(s)
- Written advice of counsel
- Legitimate government purpose
- Acceptable under Indiana Code
- Policy explains needed for economic effects



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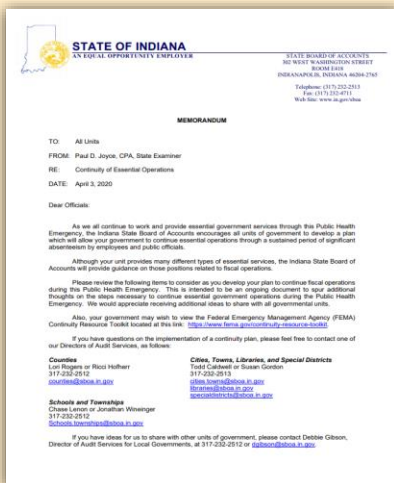
POLICIES – COVID 19



4/3/2020: Continuity

Develop plan/policy for continuity of essential operations

- Actions taken if a fiscal officer was totally incapacitated
- Who would take over and how decided
- How would office function; could office function
- Consider:
 - Bank accounts
 - Computer systems
 - Identify essential tasks
 - Identify those tasks that can wait until later



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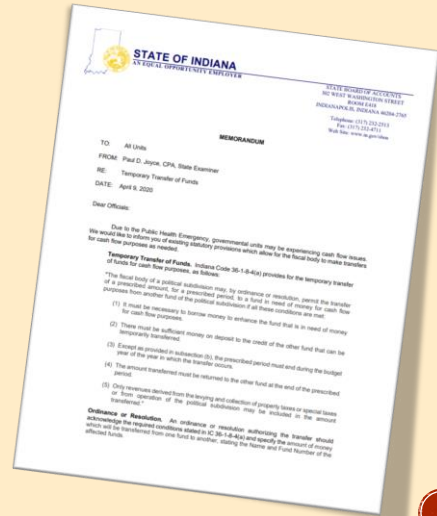


POLICIES – COVID 19



4/9/2020: Temporary Transfers

- Transfer of funds may be needed
- IC 36-1-8-4(a)
 - ✓ Ordinance or Resolution
 - ✓ Prescribed period of time
 - ✓ Can be extended if council declares emergency



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POLICIES – COVID 19



4/14/2020: Electronic Signatures

- Generally controlled by IC 26-2-8
- Internal controls needed
 - ✓ Ensure signature is created by person whose name is on the document
- No exception
 - ✓ Comply with applicable statutes
 - ✓ Doesn't circumvent other statutory provisions



<https://www.formsimplicity.com/digital-signatures/understanding-the-advantages-of-signing-with-digital-signatures/>

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POLICIES



Bad Debt

- ✓ Written policy for writing off uncollectible accounts & other adjustments
- ✓ Documentation should exist showing attempts to collect
- ✓ Undocumented or adjustments not approved by governing body may be personal obligation of the responsible official/employee

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POLICIES



Bad Debt

- | | |
|------------------------|---|
| ▪ Rate Ordinance | IC 8-1.5-3-8 |
| ▪ Electric, Water, Gas | Local policy (or IURC if applicable) |
| ▪ Trash | Local policy or IC 36-9-23 if in rate ordinance |
| ▪ Storm Water | IC 8-1.5-5 |
| ▪ Sewage | IC 36-9-23 |

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POLICIES



Credit Card

- Authorized by Ordinance
- Approved uses specifically stated in Ordinance
- Card in custody of an official or employee designated by Council
- Not to bypass claims process
- Receipts and other documentation required

Debit Card

- Authorized by Ordinance
- Approved uses specifically stated in Ordinance
- Card in custody of an official or employee designated by Council
- Not to bypass claims process
- Receipts and other documentation required

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POLICIES - TRAVEL



Each city/town must have a written travel policy adopted by Council

Things to consider:

- What constitutes "travel" – does it need approved by someone?
- Travel in employee's vehicle – reimbursed at a set rate for each mile traveled
- Travel expenses while in a city/town owned vehicle – how to handle
- Lodging expenses
- Meals expenses while traveling
- Per Diem
- Meals provided by others while traveling



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<http://clipart-library.com/free/cartoon-car-transparent-background.html>



POLICIES - TRAVEL



Travel reimbursement – Employee’s Vehicle

- Not paid on standard Accounts Payable Voucher
- Instead, paid on prescribed General Form 101

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POLICIES — LEAVE & OVERTIME



Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing body would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies.

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

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POLICIES – LEAVE & OVERTIME



IC 5-10-6-1 requires leave benefits be in an ordinance

Prescribed (or alternatively approved) forms

Special considerations for public safety employees

Indiana Department of Labor

Wage & Hour Division

317-232-2655 (option #3)

wagehour@dol.in.gov

Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing body would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies.

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

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POLICIES – OTHERS



Alcohol

Capital Assets

Investments

Materiality

Nepotism

Contracting w/ Unit

Personal Property

Small Purchases

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STATUTORY FUNDS



Uses of Certain Funds

- MVH
- LRS
- CCI
- Rainy Day
- Riverboat
- Law Enforcement Continuing Ed
- Public Safety

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STATUTORY FUND USES



Motor Vehicle Highway (MVH)

- **Authorized under IC 8-14-1**
 - Primary purpose – account for state motor vehicle highway distributions
- **Specific Uses in IC 8-14-1-5**
 - Principally used for construction and maintenance of streets and alleys

construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of highways

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STATUTORY FUND USES



MVH

▪ Includes:

- ✓ Curbs
- ✓ Unit's share of cost of separation of grades railroad crossings
- ✓ Purchase/lease of highway construction & maintenance equipment
- ✓ Traffic signs and signals
- ✓ Safety zones and devices
- ✓ Painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation

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STATUTORY FUND USES



MVH Restricted

- **IC 8-14-1-5(c)**
- **Sources: At least 50% of MVH distributions into Restricted (fund #203)**
- **Used for:**
 - ✓ Construction
 - ✓ Reconstruction
 - ✓ Preservation

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STATUTORY FUND USES



Local Road & Street (LRS)

- **Authorized under IC 8-14-2**
 - Primary purpose – account for state gasoline tax distributions
- **Specific Uses in IC 8-14-2-5**
 1. Engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road & street systems
 2. Payment of principal & interest on bonds sold to finance road projects
 3. Local costs required to undertake a recreational or reservoir road project
 4. Purchase, rental, or repair of highway equipment

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STATUTORY FUND USES



Cumulative Capital Improvement (CCI)

- **Authorized under IC 6-7-1**
 - Primary purpose – account for state cigarette tax distributions
- **Specific Uses in IC 6-7-1-31.1**
 - ✓ Principally used for capital improvement – several uses detailed in this statute
 - ✓ Most notably IC 6-7-1-31-1(a)(9) – "*for any other governmental purpose for which money is appropriated by the fiscal body of the city or town*"
 - ✓ IC 6-7-1-31.1(c) – can be transferred at any time by ordinance or resolution to General

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STATUTORY FUND USES



Rainy Day

- **Authorized under IC 36-1-8-5 & IC 36-1-8-5.1**
 - Primary purpose – account for transfers of unused & unencumbered funds
 - Amount transferred may not >10% annual budget for fiscal year
 - Fund created by Ordinance
- **Specific Sources & Uses**
 - ✓ The Ordinance creating the fund should specifically state the source of receipts to the fund, and
 - ✓ Specifically state what the fund can be used for.

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STATUTORY FUND USES



Riverboat

- **Authorized under IC 36-1-8-9**
 - Primary purpose – account for tax revenue received under
 - IC 4-33-12-6 – Riverboat admissions tax
 - IC 4-33-33 – Wagering taxes
- **Specific Uses**
 - *"Money in the fund may be used for any legal . . . purpose of the unit."* [IC 36-1-8-9(a)(3)]

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STATUTORY FUND USES



Law Enforcement Continuing Education

- **Authorized under IC 5-2-8-2**

- Primary purpose – account for revenue from the following sources:

- ✓ Law Enforcement Continuing Ed fees – IC 33-37-8-4
 - ✓ Inspection of Motor Vehicles – IC 9-17-2-12
 - ✓ Accident Report fees – IC 9-26-9-3
 - ✓ Gun permits – IC 35-47-2-3
 - ✓ Proceeds from sale of confiscated weapons – IC 35-47-3-2

- **Specific Uses**

- For training law enforcement officers and for equipment and supplies for law enforcement purposes. [IC 5-2-8-6]

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STATUTORY FUND USES



Public Safety

- **Authorized under IC 6-3.5-1.1-25**

- Primary purpose – account for additional tax rate imposed for public safety

- **Specific Uses**

- ✓ For public safety – our audit position is “public safety” is defined in IC 6-3.6-2-14

IC 6-3.6-2-14

"Public safety"

Sec. 14. "Public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.
- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in [IC 16-18-2-107](#)).
- (4) Emergency medical services (as defined in [IC 16-18-2-110](#)).

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REFERENCES

- Governor’s Executive Orders www.in.gov/gov/2384.htm
- SBOA Coronavirus Information www.in.gov/sboa
- SBOA Cities & Towns Manual www.in.gov/sboa > **Cities (or Towns) > Manuals > Chapter 1**
- SBOA YouTube Channel [YouTube.com](https://www.youtube.com) > search **“State Board of Accounts”** > **Click first selection for SBOA Channel > Newly Elected Officials Playlist > “Importance of Policies Pts 1 & 2**
- Indiana Code Citations www.iga.in.gov



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Q & A



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