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THE STATE AGENCY BULLETIN

January 2026

IN THIS ISSUE

Items to Remember	1
Standard Operating Procedures – A Policies and Procedures Program (Part 3)	2
Special Disbursing Officer Accounts	3
Fraud Series – Part 5	4

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.

February

- 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.

March

- 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.

April

- Holiday – Good Friday April 3rd
- 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 **A POLICIES AND PROCEDURES PROGRAM (PART 3)**

In our first Standard Operating Procedures Program (Part 1) article, we covered how to organize Standard Operating Procedures (SOPs) numerically so that they are well-organized, identifiable to a particular agency and department, and can be easily retrievable. Our last Standard Operating Procedures Program (Part 2) article covered management buy-in and how to maintain a policies and procedures program list. This article will cover quality standards for SOPs. Setting quality standards for SOPs, *before* you start your program will best ensure success than waiting till *after* the program has been established. Also, it is never too late to establish these standards and share them with those responsible for maintaining the documents. SOP quality standards will vary from organization to organization based on the needs of the organization. This article will cover three quality standards that are universal to all organizations: level of detail, currentness, and usefulness.

How detailed do SOPs need to be? The gold standard for SOP detail is this, “An SOP needs to be detailed enough that two subject matter experts with the same training and some familiarity with the organization can both follow the SOP and achieve the same objective.” Put into more concrete terms, a SOP describing how to create a voucher at an agency should be detailed enough that if two accountants with the same Peoplesoft Training for Accounts Payable and some familiarity with their agency need to create a voucher to pay an invoice, they will both be able to process the voucher the same following the SOP. A sufficiently detailed SOP helps to reduce variation in how a process is performed by subject matter experts so that the same results occur. Walkthroughs of SOPs by those who did not author the document can help test to see if this gold standard has been achieved.

How current do SOPs need to be? SOPs should be reviewed and show a last date reviewed date on them within the past year. While this can be challenging for organizations to achieve, particularly if they are large and have many SOPs, it is achievable with proper planning and reminders. As part of the review process, all necessary updates should be made and noted in the SOP version table, such as a note indicating, “Added a review step after completing the reconciliation.”

How do I know if my SOPs are useful? You can know if your SOPs are useful by getting user feedback, checking for clear and actionable language, and seeing if they lead to consistent results. Look for a document that is easy to find and follow, accurately reflects current processes, and helps reduce errors or inconsistencies. Regular reviews are crucial to ensure SOPs stay relevant and effective over time. Real-world results that improve efficiency, reduce errors, and provide better training are indicators of an SOPs usefulness.

SPECIAL DISBURSING OFFICER ACCOUNTS

IC 4-13-2-20(d) authorizes the State Comptroller, with the approval of the State Budget Agency (SBA) and the commissioner of the Indiana Department of Administration (IDOA), to appoint a special disbursing officer (SDO) for an agency when a particular type of disbursement is needed expediently. The State Comptroller provides funds to the SDO for the approved purpose as an SDO account advance draw.

SDO accounts exist outside of the State financial system, and as such require additional internal controls to safeguard State funds. Two State forms serve as the core of the SDO system:

- -Form 49068: *Request for SDO Account Establishment, Adjustments, and New Officer*
- -Form 47911: *Authority for Local Purchases*

Agencies submit Form 49068 to IDOA to initiate SDO account adjustments, while IDOA returns Form 47911 with SBA approval or denial of those adjustments. Form 47911 lists significant details about the status of an agency's SDO account, including maximum single purchase and advance draw limits, a local purchase, and authorized expense codes for allowable expenditures.

Agencies must also keep manual SDO ledgers to track activity in their SDO accounts and perform monthly reconciliations of the ledger to the bank account and the advance draw amount. In addition, agencies must also report SDO activity in PeopleSoft Financials. Procedures for performing these reconciliations and accounting for SDO funds can be found in the *Uniform Compliance Guidelines Manual for State and Quasi Agencies*, in Chapter 6.4.10.10 and related subsections.

Expended funds from an SDO advance draw are replenished through requests to the Comptroller. Agencies are required to ensure that SDO advance draw balances do not exceed their maximum authorized limit or become fully depleted, which could result in bank penalties and fees.

FRAUD SERIES – PART 5

This is part 5 in a series of articles on establishing and maintaining a system of internal controls related to managing fraud risk. In previous articles we discussed fraud risk governance and fraud risk assessment. In this segment, we are focusing on fraud control activities, which are important for managing fraud risk.

A fraud control activity is a specific procedure or process intended either to prevent fraud from occurring or to detect fraud quickly in the event that it occurs.

Fraud Control Activities (Phase 3) – Use Data to Uncover Fraud

The use of data analytics is a powerful fraud prevention and detection tool, making it an important part of an effective Fraud Risk Management (FRM) program. Anti-fraud analytics tests can be implemented using Peoplesoft queries, basic spreadsheet software or other more advanced methods.

Here are a few key questions to consider in the development of data analytics procedures:

- Who will be responsible for the anti-fraud analytics program?
- Based on the agency's FRM strategy and fraud risk assessment, what types of fraud will be targeted with analytics?
- What technology is available?
- What data is available related to the selected fraud schemes?
- Who will you need to work with to access and collect this data?
- What analytics techniques and tests will be effective?
- What type of reporting will be required?
- How will findings be remediated and corrected?

The following steps provide a method for implementing an anti-fraud analytics program:

- Design analytics based on fraud schemes identified through your agency's fraud risk assessment.
- Collect the data after determining potential data sources and assessing availability.
- Execute your analytics techniques and tests, and modify based on data received, data quality, user feedback, and test results.
- Report findings and observations to the appropriate people according to your agency's FRM governance structure.
- Implement remediation and corrective actions activities based on your agency's fraud risk assessment and established FRM governance structure.

Data analytics is only one type of control activity that your agency should consider. An agency should consider designing and implementing multiple controls to prevent and detect fraud. The results of your agency's fraud risk assessment can determine priority areas and the types of controls needed for high-priority risks.

Content for this article is from the following sources:

- Association of Certified Fraud Examiners and Grant Thornton LLP. *The Anti-Fraud Playbook*. 2020
- Association of Certified Fraud Examiners and Committee of Sponsoring Organizations. *The Fraud Risk Management Guide*. 2016.