

ECA Training

Indiana Association of School
Principals

Chase Lenon, CPA
Jonathan Wineinger

State Board of Accounts



SBOA is OPEN for business, willing to take calls during business hours, and respond to emails as quickly as we can.

Please don't hesitate to contact us via email or phone:



Schools.townships@sboa.in.gov



317-232-2512

YouTube Video



<https://www.youtube.com/watch?v=Stbyj0kwJyE>

Student Activity Funds



- “General Fund” of ECA
- Should include receipts from functions not generated by a specific group
- Exception noted in **Chapter 6 of ECA manual**

Exception to Student Activity Funds Compliance Requirement



- The State Board of Accounts' audit position is as stated above. However, we will **not take audit exception** to a school having disbursements from an extra-curricular "general fund" or "student activity fund" **for authorized school corporation type expenditures, such as equipment, supplies, etc.,** with the following conditions:
 1. A policy has been adopted by a school board in a public meeting authorizing these types of expenditures.
 2. Providing there are no objections from a majority of an applicable student body to these types of expenditures.
 3. Equipment purchases would still require separate approval from the local school board.

Teacher Funds



- Our prior audit position disallowed **staff funds to be accounted for in the extracurricular records**. We have recently revised our opinion, and we will **not take exception** to an extracurricular account established for staff funds.
- <https://www.in.gov/sboa/files/2018%20December%20School%20Bulletin.pdf>
- This change in position **does not affect our position on outside organizations**, such as booster groups, parent teacher organizations etc.... There should not be any outside organizations' funds accounted for in the extracurricular records.

Claim for Payment form SA-7

- The Claim for Payment (SA-7) shall be used for claiming payment by anyone in situations where purchase orders are not used.
 - Ex: purchases from delivery salesmen, services of officials at athletic events, etc...
- Claims should be prenumbered and filed in numerical sequence.

CLAIM FOR PAYMENT

No. _____

SCHOOL EXTRA-CURRICULAR ACCOUNT

PAID BY CHECK: _____ DATE _____
 No. _____ Date _____
 Purchased From _____
 Address _____
 Purchased For _____
 Delivered To _____
 Invoice Handed To _____

TO THE DISBURSING OFFICER:

The following expense is proposed, payable from the _____ Fund.

No payment is to be made for this order until the SA-7 Form is properly filed and the items have been received.

An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.

Quantity	Description	Unit	Price	Total
	SAMPLE			\$
Total This Order				\$

Approved for Payment _____
Signature _____

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received except _____

Date _____ Signed: _____
Signature _____

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and I have audited same in accordance with IC 5-11-10-1.6.

Date _____ Treasurer _____

Purchase Order / Accounts Payable Voucher form SA-1

- The Purchase Order (SA-1) shall be used when a purchase is made for delivery at a later date.
 - Ex: everything that the claim for payments are not used for!
- POs should be prenumbered and filed in numerical sequence.
- When invoice received compare voucher form to invoice and shipment before payment.

FORM NO. SA-1 (Original)

Prescribed by State Board of Accounts Form SA-1 (Revised 2001)

**PURCHASE ORDER
ACCOUNTS PAYABLE VOUCHER**

No. _____

SCHOOL EXTRA-CURRICULAR ACCOUNT

PAID BY CHECK: No. _____ Date _____, _____ DATE _____

Purchased From _____
 Address _____
 Purchased For _____
 Deliver To _____
 Send Invoice To _____

TO THE DISBURSING OFFICER:

The following expense is proposed, payable from the _____ Fund.

An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.

Quantity	Description	Unit	Price	Total
SAMPLE				
Total This Order				

Signed: _____
Person Authorized to Purchase

I hereby certify that there is an unobligated balance in the applicable fund sufficient to pay the above order.

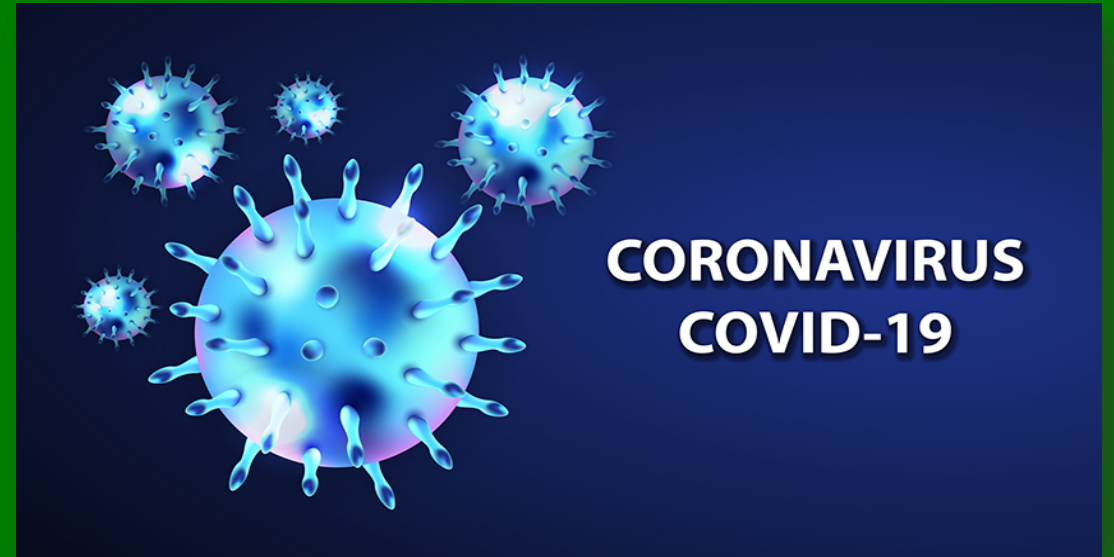
Date: _____, _____

Treasurer

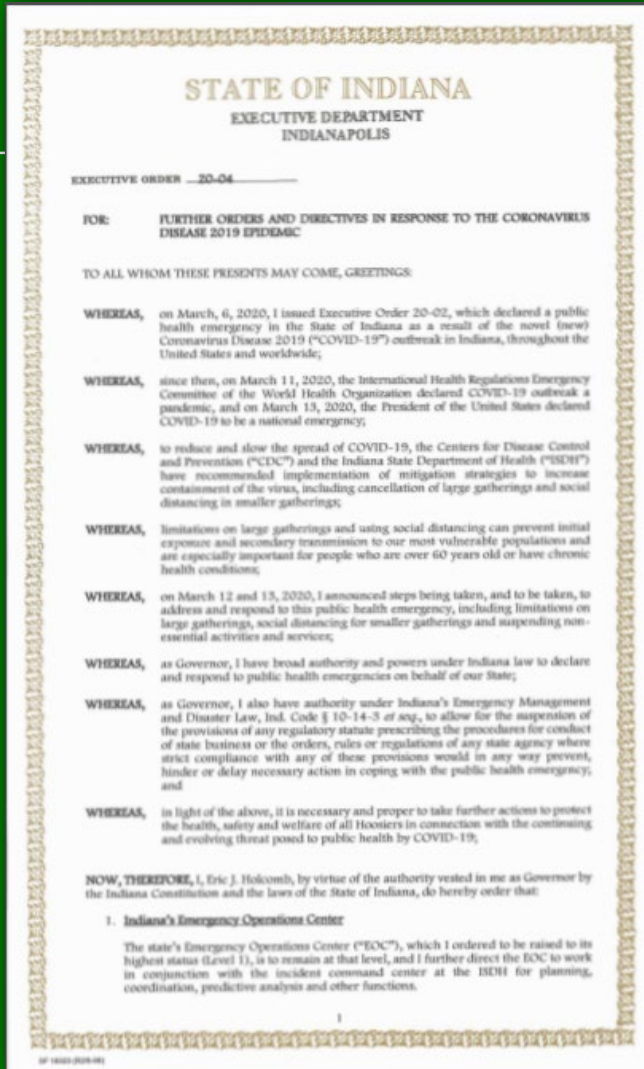
COVID-19 Information



- **Executive Orders**
- **Memos**
- **Directive 2020-1**



Where To Find Executive Orders



<https://www.in.gov/gov/2384.htm>

Where To Find Memos



www.in.gov/sboa

SBOA INFORMATION ON CORONAVIRUS

Please see the Memos linked below.

[Policy Regarding Coronavirus 3-12-2020](#)

[Coronavirus Items to Consider 3-16-2020](#)

MEMO – Policy Regarding Coronavirus – March 12, 2020




Consult your attorney

Develop written policies with broad language

- Can prevent changes/amendments

Audits

- SBOA will not take audit exception to these policies & resulting responses that are due to the coronavirus

 **STATE OF INDIANA**
AN EQUAL OPPORTUNITY EMPLOYER

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MEMORANDUM

March 12, 2020
Re: Policy for Coronavirus

Dear Officials,

We have received several questions regarding the Coronavirus (COVID-19) and its impact on governmental activities. Currently the questions are centering on disruption of travel, work environment, and employee benefits/compensation.

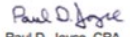
We urge governing bodies to work in the very near future with their attorneys to develop a policy specific to this emerging pressing situation. It should incorporate those items that could be of concern in the coming months. We would advise that this policy have broad language that may reference more specific materials so that the policy does not need to be constantly updated and approved to address the quickly changing real-time issues. The policy should be adopted through normal processes as provided by statute, including public meetings. IC 5-14-1.5-5(d) provides for emergency meetings if those become necessary. Also, if you have collective bargaining, do not forget to consider the agreement's impact.

We will not take audit exception to these policies and resulting responses that are due to the Coronavirus.

We will be providing in a separate communication Monday suggestions and items to consider.


Please continue to send any questions to the Directors, they may be reached at 317-232-2512.

The wellbeing of our citizens is paramount to us all.

Sincerely,

Paul D. Joyce, CPA
State Examiner

MEMO – Coronavirus Items to Consider – March 16, 2020



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MEMORANDUM

TO: All Units

FROM: Paul D. Joyce, CPA, State Examiner

RE: Items to Consider when Governing Bodies are Developing Actions/Policies Regarding Coronavirus

DATE: March 16, 2020

=====

Provided are suggestions and items to consider as referred to in the memorandum provided on March 12, 2020.

It must be stressed the urgency to both monitor and address situations as they arise. This is a very fluid situation, changing constantly. Governing bodies will need to be flexible in their approach. Any guidance we provide must be taken in that context and should not be taken as restrictive.

If it is determined that there are needed actions that do not need a formal policy or that there are actions that should be done in conjunction with a formal policy, as long as there is written evidence that a governing body is appropriately approving actions in an appropriate forum, those are acceptable.

For example, school boards who decide to pay employees when schools are closed or impose specific directives or procedures in response to the coronavirus epidemic should do so in a public meeting and the board's action must be in writing. The written action of the board may be in the form of a resolution or board meeting minutes. It is not necessary to do a formal board policy as this action will be temporary and not one that will be ongoing and continuous in the future.

Any policies/actions should have in mind to maintain operations of government as normal or near normal as possible while maintaining the wellbeing of governmental employees and the public.

Here are some items to consider when developing policies/actions for personnel specific to the coronavirus:

What will be done regarding compensation and leave time of employees if there is a mandatory closure of the building? If there is already normally scheduled time off, such as spring break, then for that period of time compensation and leave would be proceed as normal. For mandatory closure outside of normally scheduled time off then guidelines specific to the emergency situation would come into effect.

First to consider, is there specific guidance regarding the coronavirus by the U.S. Department of Labor (DOL)?

DOL website is recommending review of leave policies and consideration of increased flexibility. Q & A regarding pandemics and the fair standards labor act as well as the family medical leave act can be found at [dol.gov/agencies/whd/pandemic](https://www.dol.gov/agencies/whd/pandemic).

1. **SBOA Guidance should not be taken as restrictive**
2. **Monitor and address situations as they arise**

Written polices/actions

- Maintain operations as normal as possible
- Maintain wellbeing of employees & public

MEMO – Coronavirus Items to Consider –
March 16, 2020



Items to Consider

- Payroll
 - DOL guidance
 - Recommended review of leave policies & increased flexibility
 - www.dol.gov/coronavirus
 - www.dol.gov/agencies/whd/pandemic
- What work can be done remotely / what needs to be done at a government location

MEMO – Coronavirus Items to Consider –
March 16, 2020



Items to Consider (Continued)

- Compensation & leave time – mandatory closing of office/building
- Trade days off
- Establishing the number of employees that can be in certain areas
- Who makes decision for remote work; superintendent, business official, department heads, etc....
- Security of records / assets taken off site

MEMO – Coronavirus Items to Consider –
March 16, 2020



Items to Consider (Continued)

- What if employee can't work at home
 - How will employees be paid
 - SBOA will not take audit exception to extension of paid leave time that is in accordance with allowable approved policies/actions and provisions
- Tracking costs
 - Important if Feds are to reimburse your school

MEMO – Assistance During COVID 19 –
March 31, 2020



Items to Consider

- During a health crisis a broader reading of statutory uses is permissible.
- SBOA Will not take audit exception if:
 - Executive orders are followed.
 - Policies are adopted in a public meeting to approve expenditures.
 - Has legal opinions documented.
 - The policies adopted explains the need is to address the economic effects of the public health crisis.

MEMO – Continuity of Essential Operations –
April 3, 2020



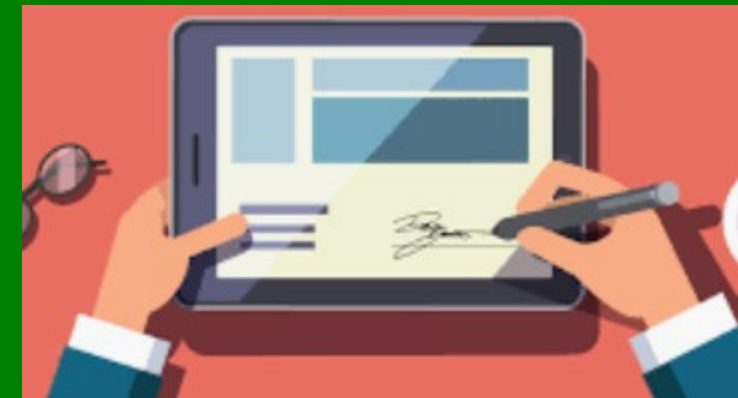
Items to Consider

- Designating individuals to fill in for the fiscal officer
- Developing a Delegation of Authority
- Contact banking representative
- Provide designated individuals contact information
- Identify Essential tasks
- Provide employees with equipment to work from home.
- Interlocal Cooperation may be helpful.
- FEMA Continuity Resource Toolkit:
 - <https://www.fema.gov/continuity-resource-toolkit>

MEMO – Electronic Signatures –
April 14, 2020



- May find useful to adjust signature process to electronic.
- SBOA will not take exception to electronic signatures with adequate controls in place.
- Using these signatures does not allow a unit to circumvent other statutory requirements (IC 26-2-8-107)



Signature Stamps – Historical Position



- The decision on whether the number of items to be signed justifies the use of a rubber stamp or other device, including computer image signatures, for affixing a signature must be made by each public official responsible for signing warrants, claims, and other official documents.
- A rubber stamp or other signing device should be **used only under the personal direction of the public official and should be properly safeguarded when not in use** since each official is responsible for his or her own signature.



MEMO - COVID Accounting and
Appropriations – April 29, 2020



- Assistance provided as a result of the Public Health Emergency (PHE) – Accounted for in a separate fund
- COVID should be in the fund name

MEMO - COVID Accounting and
Appropriations – April 29, 2020



- Expenses should be tracked
 - Supporting Documentation kept
- If already received assistance, **can make correcting entries** to adjust activity to new fund.

MEMOS - Conclusion



Keep monitoring; things are fluid

Work with your attorneys

Document policies/actions in writing




State Examiner Directive 2020-1



Timely Deposit of Funds

Approval of Claims

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STATE EXAMINER DIRECTIVE 2020-1

Date: March 19, 2020

Subject: Timely Deposits and the Claims Process

Authority: IC 5-11

Application: This Directive applies to all local governmental units

From: Paul D. Joyce, CPA, State Examiner

State Examiner Memorandums titled Policy Regarding Corona Virus dated March 12, 2020, and Corona Virus Items to Consider dated March 16, 2020, are hereby incorporated by reference into this Directive.


During the time of this Public Health Emergency, local governmental units may need to adjust normal procedures for the timely deposit of funds and the approval of claims. The State Board of Accounts will not take audit exception to the following alternative procedures for the timely deposit of funds or the approval of claims.

Timely Deposit of Funds. Indiana Code 5-13-8-1 governs the procedure for the deposit of public funds and is still in effect during this time of emergency. However, the State Board of Accounts will not take audit exception if the governing body approves the frequency for deposit of public funds to be limited to two times per week. The approval of the governing body must state that the deposits will be made on Tuesday and Thursday and require the public funds to be secured on those days when a deposit is not made. As always, proper internal controls must be in place to safeguard the assets of the unit.

Approval of Claims. Indiana Code 5-11-10 governs the claim approval process and is still in effect during this time of emergency. However, the State Board of Accounts will not take audit exception if the governing body uses the following procedures:

1. The governing body may designate one of its members to approve claims for payment in advance of board allowance. The board must allow those claims at its first meeting after the Public Health Emergency has ended.
2. For those units of government which have statutory authority to adopt an ordinance for the preapproved payment of claims, the board may provide written approval to the fiscal officer to pay certain claims during the Public Health Emergency. The board must allow those claims at its first meeting after the Emergency has ended.

This Directive will be rescinded upon Declaration by the Governor that the Public Health Emergency has ended.

Sincerely,

Paul D. Joyce, CPA
State Examiner

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Directive 2020-1 DEPOSITS

Timely Deposit of Funds

- Document board's decision to limit frequency to two times per week
- Secure funds on days not deposited
- Document procedures



Deposits and Accounts



- IC 20-41-1-9
- Deposit all receipts in one bank
- Deposit without unreasonable delay

Directive 2020-1 APPROVAL of CLAIMS



Designation of Board Member to approve Claims

- Document in writing designation of governing body member
- Document in writing procedure to be used by the governing body member to indicate approval

Allowance of Claims

- First meeting after the Public Health Emergency has ended

Miscellaneous Coronavirus Information



- OMB Memo

- Includes guidance on allowability of costs charged to federal programs, reduced SAM website requirements etc...

<https://www.whitehouse.gov/wp-content/uploads/2020/03/M-20-17.pdf>

Miscellaneous Coronavirus Information



- IDOE Memo
 - Includes guidance on accountability waivers and FAQs.

<https://www.doe.in.gov/sites/default/files/covid-19/cares-act-guidance.pdf>



Best Practices



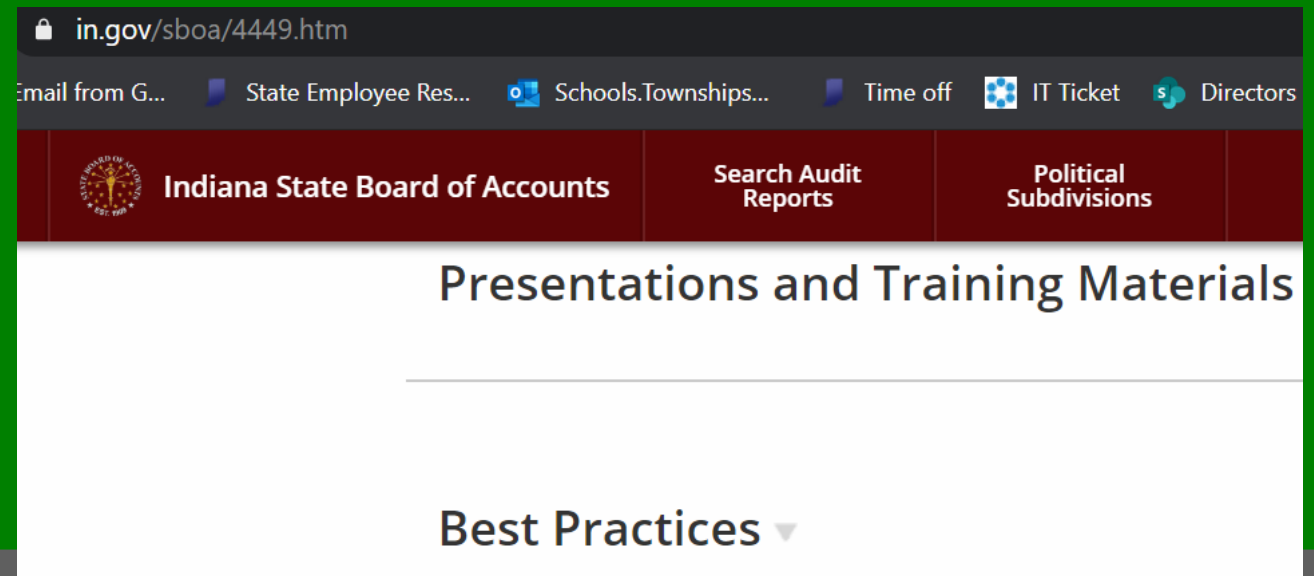
• Recommendations for:

- *Annual Financial Report*
- *Bank Account Reconciliations*
- *Credit Card Purchases*
- *Disbursing Activities*
- *Overdrawn Cash/Investment Balances*
- *Payroll Activities*
- *Receipting Activities*
- *SEFA*
- *Prepaid Meals*

Schools Webpage:

<https://www.in.gov/sboa/4449.htm>

Scroll down to “Best Practices”



Best Practices - Bank Account Reconcilements (ECA)



- Are there written policies documented?
- What procedures are in place information reported is correct?
- Is there a segregation of duties?
- Are monthly reports properly monitored?

Best Practices - Credit Card Purchases



- Did the school board approve the use of a credit card?
- What happens when credit card policy is not followed?
- Is there a segregation of duties?

Best Practices - Disbursing Activities



- Are written policies documented?
- Is there a segregation of duties?
- Are disbursements properly supported?

Best Practices - Overdrawn Cash and Investment Balances



- What policies are in place to review cash and investment balances?
- Some procedures may overlap with other areas

Best Practices - Prepaid Meals



- Are there written policies documenting internal controls over the handling of prepaid meals?
- Is there a segregation of duties?
- Has fund 8400 been established?
- Have individual meal accounts been established for each student?

Best Practices - Receipting Activities



- Are the written policies documenting internal control procedures over receipting activities?
- Is there a segregation of duties?
- Is an approved or prescribed receipt form used?
- Is a monthly review of receipts performed



Audits in a Remote World

Remote Audits – Tips and Tricks



- Auditors working 99% from home
- Requests to come via email/phone
 - Virtual meetings available via WebEx or Teams
 - Documentation to be uploaded in Gateway (no email!)

Remote Audits – Tips and Tricks



- Explain what your COVID-19 protocol is
- Please acknowledge requests when received

Remote Audits – Tips and Tricks



- Documents sent prior to audit should be completed as quickly as possible
- Ensure you are uploading monthly in Gateway

Remote Audits – Tips and Tricks



- Remote auditing is new to us too!!
 - Please be patient
- Our auditors enjoy being onsite and we hope to get back to this eventually

FAQS



- Q. How much may a school corporation charge for curricular materials rental on materials approved for extended use?
- A. IC 20-26-12-2(b)...not to exceed 25% of the retail price

FAQS



Q. How do I handle refunding funds that were raised by students to assist in paying for trips?

A. We recommend consulting with the school attorney and following the legal advice provided as well as any policies adopted by the school board. Legal advice should be in written form. The school corp. may apply the general policies in the March 12, 2020 memo.

FAQS



Q. What can the interest earned on ECA Accounts be used for?

A. IC 20-41-1-9 states the interest earned from the investment may be used for (1) a school purpose approved by the principal and (2) An extracurricular purpose approved by the principal.

FAQS



Q. Can a school use an online payment system to pay officials?

A. State Board of Accounts will not take exception to the payment of athletic officials using an online payment system with the following conditions..... (December 2013 School Bulletin, Page 9)

Reports



- Recent ECA Audit Report
 - <https://www.in.gov/sboa/WebReports/B54425.pdf>

Example Finding

TRAINING AND CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The School Corporation adopted the internal control standards as required by Indiana Code. The School Corporation certified in the Indiana Gateway for Government Units financial reporting system that they had trained all employees on those internal control standards. However, there was no documentation that new hires, since July 1, 2017, had received the internal control standards training.

Criteria

Indiana Code 5-11-1-27(g) states in part,

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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](#)."

Components of Internal Control



- **Control Activities**
 - Actual procedures performed
- **Risk Assessment**
 - Where could things go wrong?
- **Information and Communication**
 - If things go wrong, do you know?
- **Monitoring**
 - It needs to be continuous process
- **Control Environment**
 - 'Tone at the top'

C.R.I.M.E!

Website Overview



<https://www.in.gov/sboa/4449.htm>

Contact Information



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Directors of Audit Services



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Questions?

