

LIBRARY BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

June 2021

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UPCOMING TRAINING OPPORTUNITIES

Central Indiana Association of Governmental Accountants (AGA) Training: We wanted to take this opportunity to pass along information from our colleagues at the AGA.

The AGA has partnered with Crowe, LLP to provide a virtual governmental training series on Generally Accepted Accounting Principles (GAAP). This is a good opportunity for entities who report their financial statements on a GAAP basis, as well as those entities who present their financial statements on the Regulatory (cash) Basis, to better understand what GAAP is and how it can be implemented if necessary or desired.

Governmental units not currently required by statute to present GAAP financial statements are not being required to switch to GAAP reporting, but the training will provide information as to what GAAP is and how (if a non-GAAP unit wanted to convert to GAAP accounting) making such a switch could be accomplished.

These sessions are **free** of charge for all Indiana government employees and provide Continuing Professional Education (CPE) credits. Please see this link to the AGA’s event calendar page for more information - <https://www.agacqfm.org/Chapters/Central-Indiana-Chapter/Training-Events/Event-Calendar.aspx>

Sessions:

- Governmental GAAP – What is it? June 28, 2021; 1:00 to 2:30.
- Governmental GAAP – How to Implement July 13, 2021; 1:00 to 3:00.
- Governmental GAAP – Expert Panelist Discussion July 20, 2021; 1:00 to 2:30.

2021 LAWS AFFECTING LIBRARIES

The following list of laws enacted by the General Assembly is related to libraries. This is not intended to be an expression of a legal opinion nor is it intended to provide a complete summary of every addition or amendment contained in the public law. If you have any questions regarding legal interpretation, please consult an attorney.

We have listed the laws in public law order sequence. Additional information regarding the 2021 public laws may be found on the General Assembly website at www.iga.in.gov. The “Session” tab contains a Table of Citations for all Indiana Code citations affected by new legislation, a complete Digest of Enactments summarizing each new public law, an Enrolled Act Summary showing the effective dates of

each public law section, and other cross references between public law number and bill number. The “Legislation” tab contains each new public law.

*House Enrolled Act 1001 – Public Law 165
State Budget*

Appropriates money for capital expenditures, the operation of the state, K-12 and higher education, the delivery of Medicaid and other services, and various other distributions and purposes. Specifies that the deadline for adjourning sine die for the 2021 session of the general assembly is November 15, 2021, and that the current deadline of April 29 remains in place for future long sessions. Provides that the regular technical session statute does not apply in calendar year 2021. Specifies the deadlines for signing enrolled acts and presenting them to the governor for bills passed after April 19, 2021, and before May 1, 2021. Specifies the following: (1) That the 2021 interim is the period beginning May 1, 2021 and ending November 15, 2021. (2) That for 2021, the prohibited period concerning fundraising activities is through April 29, 2021, rather than the date on which the general assembly adjourns sine die. (3) That the budget committee is required to meet at least once between April 30, 2021, and July 1, 2021. (Current law requires the budget committee to meet at least once in the two months following the general assembly adjournment sine die.) Provides that a redistricting commission is established to determine congressional districts if the general assembly adjourns sine die before November 15, 2021, without having enacted a law establishing congressional districts. (Current law refers to the adjournment of the general assembly without specifying an adjournment sine die or a particular date.)

Increases the special purpose local income tax rate that may be imposed in a county that is a member of a regional development authority. Imposes an excise tax, known as the electronic cigarette tax, on the retail sale of vapor products and consumable material in Indiana (does not include closed system cartridges). Imposes a tax on the distribution of closed system cartridges.

Removes all fees for a license to carry a handgun and makes conforming amendments.

Makes appropriations to the Indiana public retirement system and the treasurer of state for specified cost of living adjustments. Makes conforming changes.

*House Enrolled Act 1169 – Public Law 134
Cybersecurity Incidents*

Requires the office of technology to maintain a repository of cybersecurity incidents. Provides that a state agency and a political subdivision shall: (1) report any cybersecurity incident to the office without unreasonable delay and not later than two business days after discovery of the cybersecurity incident in a format prescribed by the chief information officer; and (2) provide the office with the name and contact information of any individual who will act as the primary reporter of a cybersecurity incident before September 1, 2021, and before September 1 of every year thereafter. Allows the office of technology to assist a state agency with certain issues concerning information technology. Provides that if requested by a political subdivision, the office may develop a list of third-party technology providers that work with the office. Makes conforming changes.

House Enrolled Act 1271 – Public Law 38
Department of Local Government Finance

Provides under multiple remonstrance provisions that the department of local government finance (DLGF) may either hold a hearing in the affected county or through electronic means. Defines the term "nonconforming" for certain property tax purposes. Provides that consent to receive notice of a personal property tax assessment via electronic mail remains in effect unless revoked during the preceding year.

Provides that for certain actions taken by the DLGF on tax levies and budgets of a political subdivision, the DLGF shall certify its action to the: (1) state board of accounts; (2) auditor of state; and (3) department of state revenue; if the budget and levy of the political subdivision are being continued.

Provides that 25 taxpayers of a political subdivision must sign a written request for certain public hearings on budgets, tax rates, or tax levies. Provides that a political subdivision shall include an appropriation for bond proceeds in its budget for the ensuing year. Requires the county auditor of the county in which a political subdivision or school corporation proposes to impose property taxes to determine the: (1) estimated average percentage of property tax increase on a homestead to be paid to the political subdivision or school corporation; and (2) estimated average percentage of property tax increase on a business property to be paid to the political subdivision or school corporation. Provides a formula for making the estimated average percentage of property tax increase determinations. Provides that the DLGF may establish fair and reasonable fees for level three assessor-appraiser examinations and certifications.

Provides that distributions from the financial institutions tax fund may be used for any legal purpose. Provides that a county's distribution of the commercial vehicle excise tax may be used for any legal purpose.

Provides that for education emergency loans and anticipatory warrants, a governing body may not increase the debt service fund levy to pay for the interest on the loans or warrants unless the loans or warrants have been issued, and the school corporation has received the proceeds from the loans or warrants.

Provides that if a substantial amount of real and personal property in a township has been physically destroyed as a result of a disaster, the county assessor shall order a reassessment of the destroyed property if a petition for reassessment is filed.

Increases the amount that a political subdivision may transfer into its rainy day fund from 10% to 15% during calendar years 2021 through 2024.

House Enrolled Act 1437 – Public Law 88
Electronic Meetings and Signatures

Allows a member of a governing body of a political subdivision to participate in a meeting electronically subject to the following: (1) Requires the governing body to adopt a written policy establishing procedures for electronic participation. (2) Requires the technology to permit simultaneous communication between members and the public to attend and observe the proceedings. (3) Requires at least 50% of the members to be physically present at the meeting site. (4) Allows a member participating electronically to be counted for quorum purposes. (5) Provides that a member participating electronically may participate in a final action taken by the governing body only if the member can be seen and heard. Provides that if a statute requires a manual signature for attesting or authenticating an obligation issued by certain state and local public entities, an electronic signature has the same force and effect as a manual signature. Adds provisions applicable to state and local public agencies when a state or local disaster emergency is declared. Makes stylistic changes.

Senate Enrolled Act 188 – Public Law 141
Revised Uniform Unclaimed Property Act

Repeals the unclaimed property act and replaces it with the revised unclaimed property act.

Senate Enrolled Act 332 – Public Law 152
Publication of notice by political subdivision

Allows a political subdivision, when required by statute to publish a notice two or more times, to make the first publication of notice in a newspaper and any subsequent publications of the notice on the official web site of the political subdivision. Requires the political subdivision or contractor that maintains the political subdivision's official web site to provide proof of publication of the notice on the official web site. Provides that if, with regard to a sheriff's sale of real property to execute a judgment, the sheriff is not able to procure publication of the notice in a newspaper of general circulation within the county, the sheriff may publish the notice on the Internet web site of each county where the real estate is located (instead of dispensing with the publication of notice entirely).

Senate Enrolled Act 383 – Public Law 159
Various Tax Matters

Provides a sales tax exemption for public safety equipment and materials.

Removes duplicate provisions regarding electronic filing requirements for sales tax and withholding tax remittance. Removes certain unnecessary information currently required for employer withholding tax reporting forms. Specifies that the penalty provisions in current law for failure to make a payment by electronic funds transfer also apply to a failure to make a payment by any other electronic means.

Clarifies the penalty calculation for failure to make estimated tax payments, including estimated utility receipts tax and financial institutions tax payments.

RANSOMWARE

Ransomware is a type of malicious software designed to block access to a computer system until a sum of money is paid. The principle of ransomware is that the malware encrypts files on a system's hard drive using an unbreakable key, and this is decrypted by the attacker once a ransom is paid.

There have been increased instances of ransomware recently, both locally and nationally. Beware of unexpected or suspicious emails, especially those containing a link or requesting a reply. Most ransomware is delivered via email and the typical overall themes are shipping notices from delivery companies. Also, many attacks are delivered by mass random emails because the intention is to infect as many as possible to maximize the chances of getting a result.

Consider your library's policies related to the protection of computer information. The most common advice to recover from an attack by ransomware relies largely on whether a good backup policy is employed. Backup expectations are discussed in the *Accounting and Uniform Compliance Guidelines for Indiana Political Subdivisions – Information Technology*. Governmental entities also should keep their anti-virus software up-to-date and apply security patches in a timely manner.

If you become a victim of ransomware or any cybersecurity incidents, effective July 1, 2021, IC 4-13.1-2-9 will require you to report cybersecurity incidents to the Indiana Office of Technology (IOT) within 2 business days after discovery. The IOT will be developing a format by which such notifications will be made. We would also recommend contacting local law enforcement agencies, your software vendor, and the State Board of Accounts.

PUBLIC PURCHASES – USE OF ANOTHER GOVERNMENT’S BID

IC 36-1-7-12 authorizes governmental entities to make a purchase from any other governmental entity or under another governmental entity’s referenced written contract if there is compliance with the state purchasing law by the original purchasing unit. Two (2) or more governmental entities may procure together or with a nonprofit entity if the requirements of the public purchasing statutes are met.

RECORD OF HOURS WORKED

An employee who works for more than one (1) governmental unit should not be paid by more than one (1) governmental unit for the same period of time worked. Such employee should use his/her accumulated leave time from one (1) governmental unit while serving the other governmental unit when there is an overlap in a work schedule. For example, a library director, who is also a member of a school board, attends a school board meeting during his/her normal library work shift. The director would be expected to use his/her leave time accumulated at the library while attending such meeting. IC 5-11-9-4 requires such officers and employees to maintain records showing which hours were worked each day.

In libraries where timecards are not used, this requirement can be met by preparing an endorsement on the payroll claim form showing the general work schedule and listing the specific affected employees who worked hours different from that general work schedule. The employee’s supervisor/department head would be responsible for preparing such endorsement on the payroll claim for their department or area.

At libraries where timecards are used, each supervisor/department head should be approving the timecards of each of the employees that they are responsible for.



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STATE EXAMINER DIRECTIVE 2021-2

Date: May 6, 2021

Subject: GAAP AND ACFR Audits

Authority: IC 5-11-1; IC 5-11-1-30

Application: This Directive applies to all political subdivisions that choose to prepare a Comprehensive Annual Financial Report (ACFR) or GAAP financial statements for audit by the Indiana State Board of Accounts (SBOA)

From: Paul D. Joyce, CPA, State Examiner

This Directive supersedes Amended State Examiner Directive 2017-1, which was rescinded on May 6, 2021.

In support of the Government Finance Officers Association (GFOA) campaign to End the Acronym, the Indiana State Board of Accounts (SBOA) will refer to comprehensive annual financial reports by their full name or by annual comprehensive financial reports (ACFR). These reports are full GAAP financial statements with additional disclosures that are to be submitted to GFOA for consideration of their Certificate of Achievement for Excellence in Financial Reporting (COA). This policy also covers other auditees that provide us with GAAP financial statements for audit whether that is due to Indiana Code requirements or other reasons.

The purpose of this Directive is to establish procedures and a timeline for: the receipt of GAAP financial statements and supporting documentation; the GAAP pre-audit process; and the assignment of audit teams for ACFR and GAAP engagements, excluding the state audit.

To perform the audit and required reviews in sufficient time for an on time GFOA submission (6 months after fiscal year end), draft financial statements, including note disclosures, management's discussion and analysis (MD&A), required supplementary information (RSI), and supporting documentation must be submitted to the SBOA office on or before 90 days after fiscal year end. The GAAP financial statements and other information must be complete and reconciled. Submissions should contain the final complete financial statements and schedules that are ready for audit, not a draft. Exceptions may be made for discretely presented component unit information that will be available during the audit fieldwork. Supporting documentation needs to support the calculations made for each amount within the financial statements and other information and should agree to the entity's records. This documentation needs to be submitted via the Monthly and Annual Engagement Uploads application in Gateway.


Auditees seeking an audit of GAAP financial statements, which will not be submitted to GFOA for COA consideration, whether it is to meet a statutory requirement or voluntarily, should use the same process in Gateway for upload of all required elements of the GAAP financial statements and supporting documentation as described above. Submission should be within 5 months after fiscal year end.

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On-time submission does not guarantee the independent auditor's report by any particular date. It does mean that the SBOA will work with the auditee to plan and perform the audit in a manner that will result in timely completion barring unforeseen issues and circumstances outside of our control. There are circumstances, such as computer conversion or change in key personnel, that occasionally arise that prevent an on-time submission. The entity's management may discuss a later date for providing the draft financial statements, note disclosures, MD&A, RSI, and supporting documentation referenced above with Tammy White, Deputy State Examiner, in these cases. See contact information below.

Regardless of the planned submission date of the entity, a team will not be assigned to begin fieldwork until the required financial statements, schedules, and supporting documentation have gone through a pre-audit process and determination has been made that the entity's submission appears complete and reconciled.

Please contact Tammy White, Deputy State Examiner, at (317) 232-2514 or twhite@sboa.IN.gov with any questions or concerns you have regarding GAAP or ACFR audits.


Paul D. Joyce, CPA
State Examiner