

# Preparing For a State Board of Accounts Audit



# How to organize an Audit

- ▣ Have all documentation ready and in order.
  - Receipts
  - Accounts Payable Vouchers
  - Payroll Reports
  - End-Of-Month Reports
    - Fund & Fund History Reports
    - Revenue & Revenue History Reports
    - Appropriation Reports
    - Purchase Order Reports

# Receipts & Bank Documentation

- ▣ Receipt Edits
  - ▣ Before and after printing receipts
- ▣ Copies of Printed Receipts
  - ▣ Supporting documentation for receipts
- ▣ Bank Receipts
  - ▣ Copies of each bank receipt with initials of the person who took the deposit to the bank.
- ▣ Daily Balance Sheet
  - ▣ Manual balance sheet that documents all deposits and proof that someone reconciled the fund and the bank balances on a daily basis.

# Claims Documentation

- ▣ Signed Accounts Payable Voucher Reports
  - ▣ Accounts Payable Vouchers filed in some type of order to find them easily during an audit.
- ▣ Accounts Payable Posting Edits
  - ▣ Computer edits showing all expenditures by fund with verification that they were reviewed.
- ▣ School Board Monthly Expenditure Summary
  - ▣ *See next slide*
- ▣ Daily Balance Sheet
  - ▣ Manual balance sheet that documents all expenditures and proof that someone reconciled the fund and the bank balances on a daily basis.

# Monthly Expenditure Report

<b>Monthly Payroll Claims:</b>				<b>Monthly Accounts Payable Vouchers:</b>						
Fund Name	04/13/18	04/27/18		Fund Name	04/06/18	04/10/18	04/13/18	04/20/18	04/27/18	Pending
100 - General Fund	\$ 857,375.11	\$ 924,517.32	\$ -	100 - General Fund	\$ 291,036.24	\$ 16,271.65	\$ 152,273.77	\$ 75,123.57	\$ 168,155.58	\$ 9,269.57
350 - Capital Projects	\$ 19,931.45	\$ 20,110.01	\$ -	200 & 250 - Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
410 - Transportation	\$ 29,752.58	\$ 36,790.83	\$ -	350 - Capital Projects	\$ 32,056.06	\$ 197,862.20	\$ 25,347.24	\$ 1,832.50	\$ 14,897.18	\$ 116,286.29
800 - School Lunch	\$ 27,212.02	\$ 39,000.84	\$ -	410 - Transportation	\$ 19,039.00	\$ 15,774.65	\$ 18,839.71	\$ 778.24	\$ 3,640.61	\$ 6,838.43
1100 to 2300 Funds	\$ 2,470.00	\$ 518.00	\$ -	700 - Construction	\$ -	\$ 21,657.04	\$ -	\$ -	\$ -	\$ -
3714 to 3749 - Grants	\$ 4,557.99	\$ 5,763.92	\$ -	800 & 900 Funds	\$ 40,208.37	\$ 11,108.82	\$ 50,361.71	\$ 25,597.80	\$ 32,770.58	\$ -
4130 - Title I	\$ 12,923.55	\$ 20,978.78	\$ -	1100 - Self Insurance	\$ 139,405.60	\$ -	\$ 65,439.59	\$ 118,154.43	\$ 52,568.32	\$ -
5253 - IDEA Grant	\$ 24,216.26	\$ 27,523.93	\$ -	1900 - Alternative Ed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5450 & 5451 Funds	\$ -	\$ -	\$ -	1958 - 2910 - Grants	\$ 470.46	\$ 1,082.87	\$ 5,018.08	\$ 500.91	\$ 4,314.86	\$ 662.00
6844 to 6884 - Title	\$ 7,284.02	\$ 2,986.90	\$ -	3112 to 3714 Funds	\$ 1,686.30	\$ 227.60	\$ 582.29	\$ 439.45	\$ 720.11	\$ 4,012.89
Total Gross Payroll	\$ 985,722.98	\$1,078,190.53	\$ -	3720 to 3910 Funds	\$ -	\$ -	\$ 1,934.32	\$ 4,381.93	\$ 229.77	\$ 19,555.00
				4130 - Title I	\$ 4,414.80	\$ 1,049.65	\$ 2,481.63	\$ 192.73	\$ 3,641.34	\$ 13,855.83
Deduction Checks	\$ 71,202.97	\$ 71,982.23	\$ -	5252 & 5253 - IDEA	\$ 4,431.63	\$ 958.64	\$ 5,443.37	\$ -	\$ 5,107.69	\$ 652.55
				5435 to 5960 Funds	\$ -	\$ 180.17	\$ -	\$ -	\$ -	\$ -
Total Payroll Claims	\$2,207,098.71		Void Ck/Transfer	6841 & 6882 - Title	\$ 37.11	\$ 2,447.74	\$ 2,236.73	\$ -	\$ 440.06	\$ -
Total AP Vouchers	\$2,038,579.30		\$ (121.82)	Clearing Accounts	\$ -	\$ -	\$ 143,933.90	\$ -	\$ 249,792.70	\$ -
Total Expenditures	\$4,245,571.19		\$ 15.00	Total AP Vouchers	\$ 532,785.57	\$ 268,621.03	\$ 473,892.34	\$ 227,001.56	\$ 536,278.80	\$ 171,132.56

# Payroll Documentation

## ▣ Payroll Reports

- Payroll Check Register
- Deduction Report
- Distribution Report
- FICA & Medicare Reports
- Direct Deposit & Checks Detail Report
- Payroll & Budget Posting Edits
- Employee Trial Balance (Gross Amounts & Withholdings)
  - Quarter to Date Totals
  - Year to Date Totals
  - Fiscal to Date Totals
- PERF & TRF Payments
- Time Cards
- Contracts (Teacher & ECA)

# Internal Control Standards

- ▣ Adoption of Internal Control Standards
  - The School Bulletin – Volume 212, Page 6, December 2015
    - ▣ Indiana Code 5-11-1-27 acceptable minimum standards
      - 5 Components of internal controls
      - Seventeen principles
    - ▣ Certification form required for internal controls training
      - Webinar is available on the SBOA website
  - ▣ By statute, after June 30<sup>th</sup>, 2016
    - Legislative must ensure:
      - Internal control standards and procedures are adopted
      - The appropriate personnel receive training internal control & procedures
      - The fiscal office will file a certification in Gateway with annual reports

# Internal Controls Suggestions

- ▣ Internal Control Standards
  - The School Bulletin – Volume 198, Page 6, June 2012
    - ▣ Cash Receipts Internal Control Segregated Functions
      - The person receiving the cash and prepares the receipt should not be the one recording the receipt record or making the deposit into the public depository. In addition, they should not prepare the back reconciliation.
    - ▣ Disbursement Internal Control Suggestions
      - Check forms should never be signed in advance. Check forms must be serially numbered and listed on an approved check register in lieu of duplicate. Checks should be mailed without allowing them to be returned to the persons who approved the transaction for payment.



# Grant Documentation

- ▣ It is important to file all current year documents in your grant file, including the award letter and the approved amount of the grant.
  
- ▣ In addition the following information should be in the front of your grant file for the audit team to find easily.
  
- ▣ Federal Program Title
  - ▣ Example: Title I Grants to Local Education Agencies
  
- ▣ Federal Agency
  - ▣ Example: U.S. Department of Education
  
- ▣ Pass Through Agency
  - ▣ Example: Indiana Department of Education

# Grant Documentation

- ▣ CFDA Number
  - ▣ Example: 84.010A
  
- ▣ Award Name
  - ▣ Example: Title I Grant to LEAs
  
- ▣ Award Number
  - ▣ S010A150014
  
- ▣ Make sure to have an original copy of the grant in your files. This file should have your school assigned fund number and the starting and ending date of the grant.
  
- ▣ If the grant has to be amended, make sure to include all amendment documents in your grant file. Including a new copy of the entire amended grant for each amendment.

# Creating Grant Accounts

- ▣ Make sure to use the correct fund, program and object numbers along with the building level code for each budgeted account.
  
- ▣ Example: 4100-11100.00-110.00-3135
  - Fund Number 4100.....Title I Grant (2017-18)
  - Program Number 11100.00.....Elementary
  - Object Number.....Certified Salaries
  - Building level Code.....3135 (Margaret Brown Elementary)

# Creating Grant Accounts

- ▣ Use the correct fund and revenue account for each source of revenue for the grant.
  
- ▣ Example: 4100-4514.00
  - Fund Number 4100.....Title I Grant (2017-18)
  - Revenue Account 4514.00.....Title I
  
- ▣ It is ok to have a negative fund balance at the end of a 6-month period if you have a pending federal grant reimbursement.

# Filing for a Reimbursement

You should have the following documentation for each reimbursement submitted to the DOE.

*(They must be submitted by the 1<sup>st</sup> or 15<sup>th</sup> of each month.)*

- ▣ Grant Fund Report – It should match the reimbursement form.
  
- ▣ Budget History Report – This should be for the time period you claimed and it should match the fund report and the reimbursement form.
  
- ▣ Appropriation Report – If you are filing the claim monthly, the month to date expended should match the amount of the budget history and the fund report.



# Filing for a Reimbursement

- ▣ Each month you should make sure that the approved grant amount minus the expenses submitted to the DOE for reimbursement matches the remaining appropriation amount. If not, something is wrong and it needs to be corrected immediately.
- ▣ I recommend filling all of your reimbursement claims and documentation in a binder with monthly tabs to assist the auditors when comparing your claim reimbursements to your receipts. I also file a copy of the receipt in the front of each month of the binder.
- ▣ Keep your documentation organized at all times. Don't wait until audit time.

# SEFA Reports

- ▣ SEFA Reports Information (Annual Financial Report)
  - Local Project Name / Description
  - Federal Program Title / Project Name
  - Federal Agency
  - Pass Through Agency
  - CFDA Number
  - Award Name
  - Award Number
  - Grant Type
  - Local Fund
  - Receipts
  - Disbursements

# Don't take UNNECESSARY risk



- ▣ Make sure that all financial documents and reimbursement forms have at least 2 signatures.
- ▣ File reports and reimbursement forms on a timely basis. Create a calendar to assist you with remembering important dates.
- ▣ You do not want late federal reports. There could be financial penalties, loss of the grant or you could have to return the unspent balance of the grant.