

# SWCD Training Module

Statutes and  
Financial  
Guidelines for  
SWCDs

**FINANCIAL  
OPERATIONS**

## Audit and Financial Operations Module

*This Module Covers:*

- Financial Record Keeping
- Statutes Governing SWCD Finances
- State Board of Accounts Accepted Procedures
- Electronic Record Keeping Guidelines for Districts
- A Checklist for Audits

# ACCOUNTING AND AUDIT BASICS FOR SWCDs

## **District Operations Manual**

The **District Operations Manual** (<http://www.in.gov/isda/2407.htm>) is the primer for office operation. The manual contains the following background material for most financial procedures, as well as State Board of Accounts approved forms for district use.

- A. Suggested Budgeting Process
- B. Financial Record Keeping
- C. Guide To Posting Disbursements

## **Quickbooks**

Some districts propose to use electronic accounting software to help in accomplishing bookkeeping tasks for the SWCD's funds. The State Soil Conservation Board (SSCB) has approved the use of Quickbooks software by INTUIT as acceptable for maintaining SWCD books. A regular system of backups should be maintained including a hard copy of the district ledger if the SWCD chooses to use Quickbooks. Quickbooks also offers many features through their individual website. To receive help on the use of the software, connect to the Quickbooks website at: <http://quickbooks.intuit.com/>. Or, when QuickBooks software is open, districts may also choose to go through the self-paced "Learning Center Tutorials" (located under the "Help" feature).

## **Audit Training**

Statewide audit training is periodically conducted in centralized locations to assist district coordinators. Speakers provide handout materials which reference the Indiana Code as it applies to the SWCD use of funds. Materials in the training session also are included in the Accounting and Uniform Compliance Guidelines Manual for Special Districts which is published by the Indiana State Board of Accounts (SBOA). SWCDs can obtain a copy of this manual by downloading it off their website at: <http://www.in.gov/sboa/2402.htm>

All SWCDs are expected to comply with the guidelines of the SBOA, SSCB, in addition to all pertinent articles in the Indiana Code and Indiana Administrative Code. Sample citations are listed below. For full details, visit each chapter. Chapter 8 and 10-22 may be most useful for SWCDs (as per Todd Austin).

## **Approved Depository List**

Listings of all financial institutions in Indiana that may hold public funds can be found at:  
<http://www.in.gov/tos/deposit/2377.htm>

## **SBOA Accounting and Uniform Compliance Guidelines Manual: Chapter 10 (Summary)**

- |   |                             |
|---|-----------------------------|
| 1. Prescribed forms   | 8. Credit card use          |
| 2. Sales taxes and tax exemption                            | 9. Donations                |
| 3. General information                                      | 10. Interest on investments |
| 4. Exempt purchases on which sales tax is paid by purchaser | 11. Personal expenses       |
| 5. Audit costs  | 12. Travel policy           |
| 6. Commuting mileage  |                             |
| 7. Contracts for services                                   |                             |

## **SBOA Accounting and Uniform Compliance Guidelines Manual: Chapter 15 (Summary)**

- 1. Deposit and investment of funds
- 2. Designation of depositories
- 3. Trusts and endowments

## **Statutes Governing District Business**

Indiana Codes are individual laws, or statutes, written by our legislators to govern state operation. Statutes governing district operation are accessible through the internet at <http://www.in.gov/legislative/ic/code>

Indiana codes relating to the appropriate use and handling of SWCD financial responsibilities are listed below. SWCDs are encouraged to be aware of the following statutes for future reference.

**IC-5-11** Accounting for public funds

**IC-5-11-4** Payment of State Board of Accounts for Investigation of Public Accounts

**IC-5-11-5** Reports of Examinations by State Board of Accounts; Recovery of Public Funds

**IC-5-13-4** Definitions (24 technical legal definitions)

**IC-5-13-5** General provisions (Details governing public non-state funds. Very good guidelines as to identifying the warrants and documentation by the SWCD treasurer)

**IC-5-13-6** Deposit of Public Funds (Same day deposit language)

**IC-5-13-7** Local Boards of Finance (Defines board hierarchy and details of public meeting duties)

**IC-5-13-8** Designation of Depositories (A listing of accepted depositories in the state into which you may deposit and invest public funds. Not all banks and financial institutions are approved for use by SWCDs or State agencies. One must ensure that one's institution is on the list or be in jeopardy if it should fail.)

**IC-5-13-9** Deposit and Investment Powers

**IC-5-13-9.5** Designation of State Depositories

**IC-5-13-10.5** State Investments

**IC-5-14-1.5** Public Meetings (Open Door Law – provides the details and restrictions of public meetings and notification to the media and general public for meeting for business purposes including executive session and regular as well as special meetings)

**IC-14-32** Soil and Water Conservation District Law – governing the State Soil Conservation Board of Directors and its members - District supervisors' powers and duties, officers, elections, meetings, Clean Water Indiana law is included under this statute {Ch. 8}

**IC-35-44** Offenses against Public Administration

**IC-36-1-8** Miscellaneous Fiscal and Administrative Provisions

## **Audit Checklist**

A listing has been compiled by the State Board of Accounts to assist districts in organizing paperwork for auditing. It is recommended that all districts review and follow the checklist to simplify and speed the process of auditing financial records. The audit checklist should include, but not be limited, to:

- General ledger, balance sheets, and other accounting records
- Schedule of investment transactions for the audit period
- Invoices, purchase orders and receiving reports for the audit period
- Bank statements for the audit period
- Details of any new bond issues, significant contracts, lease agreements, etc.
- Copies of lease agreements in effect during the audit period
- Summary of all litigation involving the district during the audit period, including an administrative evaluation of the probable outcome
- Summary of significant events occurring subsequent to the end of the audit period
- Does the accounting system make it possible to show that the district has complied with all applicable legal provisions?
- Does a deficit exist in any fund at year end?
- Has any district officer or employee accepted anything of value, whether in form of service, loan, thing or promise, from anyone doing business with the district?
- Have all previous critical audit discrepancies been corrected? If not, list those not corrected and explain delay in correction.
- Are minutes taken at all meetings of the district board?
- Is all official action taken by the district board done so at regular meetings?
- Does the district have bonding or surety coverage for individuals with access to district funds?
- Does the district keep financial records in accordance with applicable state guidelines?

## **Statutes Relating to District Financial Legal Operations**

Similar to financial business, statutes provide details for nearly all aspects of district operation. The following statutes will assist you in special circumstances as well as routine activities of the district:

- IC 35-44-1-3** Conflict of Interest Disclosure Statement
- IC 5-14-1.5** Public meetings (Open Door Law)
- IC 14-32** Soil and Water Conservation Law (the District Law)

### **District Funds**

Considerable responsibility is given to the expenditure of district funds. Supervisors and staff need to be aware of the statutory restrictions and special circumstances under which expenditures may be made. Following are a number of guidelines; however, if question may exist regarding expenditures, please consult your District Support Specialist for guidance so that legal guidelines may be met.

- A. All funds receipted into district account(s) are considered public funds and shall be handled as such and shall be accounted for through a GENERAL FUND of accounts.
- B. Petty Cash funds (must balance to the penny always – a locked box is to be used and limited personnel are to be able to access the funds) - Petty cash is intended for payment of small purchases when writing a check is impractical. The supervisors should establish a policy for maximum petty cash balance and amount considered to be a “small purchase” not requiring their approval for payment.
- C. Cash Change fund is intended to receive cash payments from clients, such as for flags, copies, etc. Cash change may be increased if needed for making change for clients at events such as the district annual meeting. The supervisors should establish a policy for the minimum cash change balance. The law requires daily deposit of receipts, so it is a good idea to make regular deposits of excess cash change.
- D. Personal use of public funds is prohibited, such as purchase of:
  - i. Flowers for family or individuals
  - ii. Coffee or refreshments for meetings and staff
  - iii. Purchase of meals or refreshments for supervisors and staff at regular meetings.
- E. Meal and/or refreshment guidelines are explained in Chapter 8 of the Special Districts Manual

### **Where SWCDs Can Find Outside Help**

#### **Indiana State Board of Accounts**

302 W. Washington Street, Suite E418  
Indianapolis, Indiana 46204  
317/232-2513  
317/232-4711 FAX  
<http://www.in.gov/sboa/index.htm>  
Todd Austin: [taustin@sboa.in.gov](mailto:taustin@sboa.in.gov)

#### **ISDA - Division of Soil Conservation**

One North Capitol, Suite 600  
Indianapolis, Indiana 46204  
317/233-8770  
317/232-1362 FAX  
<http://www.in.gov/isda/2352.htm>

#### **Indiana Association of Soil and Water Conservation Districts**

225 South East Street, Suite 740  
Indianapolis, Indiana 46202  
317/692-7325  
317/423-0756 FAX  
<http://www.iaswcd.org>