Chapter 12

State Board of Accounts/Bookkeeping Process and Prescribed Forms

State Board of Accounts

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The Role of the State Board of Accounts

- To serve the citizens of Indiana by providing to the State of Indiana, its agencies and political subdivisions, on-time quality services at the best possible value.
- To help make Indiana's citizen-run government a workable concept.
- To perform financial and compliance audits of state and local governments
- To prescribe forms and uniform accounting systems.
- To provide training for public officials and employees.
- To publish manuals, newsletters, and technical bulletins.
- To consult with officials on the state and local level.

State Board of Accounts and Libraries

- Performs financial and compliance audits of state and local government.
- Prescribes forms and uniform accounting systems.
- Provides training for public officials and employees. Workshops
- **Budget Clinics** are held late spring, often June, in cooperation with the Department of Local Government Finance and the Library Development Office of the Indiana State Library. New legislation, accounting changes, and budgeting matters are discussed at these clinics.
- **Bookkeeping workshops** are conducted each fall for new library directors, treasurers, and bookkeepers; the meeting is scheduled in early November. Accounting forms prescribed for libraries are discussed at these workshops as well as bookkeeping and financial statement preparation.   In addition, libraries are given guidance on various recurring issues and audit positions.

The Accounting and Uniform Compliance Guidelines Manual for Libraries

Published and updated annually by the State Board of Accounts to assist officers and employees of public libraries. The latest version was revised in 2019.

- This manual is now on the web and can be viewed at:
  https://www.in.gov/sboa/files/RegulatoryManual20191.pdf
  The manual includes important information about library board and employee responsibilities, revenue sources, allowable expenditures, budgeting, operating procedures, and uniform compliance guidelines. Also the Appendix list the various prescribed forms.

Approved Ledger Sheets

Libraries can use either prescribed ledger sheets specifically approved for library bookkeeping or those prescribed for cities and towns.

Computerized Bookkeeping Systems: Forms Approval Process

- The library board not required to have a computerized bookkeeping system approved by State Board of Accounts.
- Your forms need to be in compliance with forms found in the Appendix of the State Board of Accounts Accounting and Uniform Compliance Guidelines Manual for Libraries. A library can consult Table 14 of the 2018 statistics (https://www.in.gov/library/5719.htm) to identify automated bookkeeping software in use by other libraries.

Annual Library Audit Checklist

An audit checklist is a good tool to use for knowing what types of records need to be kept.   An Audit Checklist is included in this chapter.

Bookkeeping Questions

When a question arises concerning library bookkeeping, State Board of Accounts has people at the state level as well as in the field who can answer your questions.

The telephone number for State Board of Accounts is 1-317-232-2513. Their website is https://www.in.gov/sboa/4450.htm. Or send an email to libraries@sboa.in.gov.

Prescribed Forms

The State Board of Accounts is charged by law with the responsibility of prescribing and installing a system of accounting and reporting which shall be uniform for every public office and every public account of the same class.   [IC 5-11-1-2]

The system must contain written standards that an entity subject to audit must observe.

Forms Approved Previously

All forms previously approved by State Board of Accounts either by:

- Form Approval letter from SBOA; or
- Resolution of the Library

Remain approved for use by the library under the conditions in the original approval. No further action by a library is needed.

Exact Replicas

An exact replica of a prescribed form is the equivalent of the prescribed form and requires no action for a library to install the form.

FORMS FOR USE BY LIBRARIES

Forms and systems installed are subject to review and/or recommendations during audits of a library to ensure compliance with current statutes and Uniform Compliance Guidelines.

Many of the forms are found in the Appendix of State Board of Accounts Uniform Compliance Guidelines Manual for Libraries.

Library Form # Title

1 Financial and Appropriation Record
1A Financial and Appropriation Record
1B Financial and Appropriation Record
1C Financial and Appropriation Record
2 Warrant (in duplicate)
3 Daily Record of Desk Collections
4 Accounts Payable Voucher

General Budget Form # Title

53 Bond Register
86 Contractor's Combination Bid Bond and Bond for Construction
86A Contractor's Bond for Construction
96 Contractor's Bid for Public Work
98 Purchase Order
99 Payroll Schedule
99A Employees Service Record
99B Employees Earnings Record
99C Employee's Weekly (Work Period) Earnings Record
99P Publisher's Claim
100R Certified Report of Names, Address, Duties and Compensation of Public Employees
101 Mileage Claim
350 Register of Investments
351 Register of Insurance
352 Receipt
359 Ledger of Appropriations, Encumbrances, Disbursements and Balances
364 Accounts Payable Voucher Register
369 Capital Asset Ledger

370 Receipt Register

Other Forms Used in Lieu of Prescribed Formats

- Prescribed forms and forma approvals are discussed in Chapter One of the Accounting and Uniform Compliance Guidelines Manual for Libraries.

- Library officials remain responsible to make sure the system and forms installed:
    - Meet the IT services controls; see https://www.in.gov/sboa/4450.htm under **Manuals,** then **Information Technology Manual**.
    - Along with manual processes, provide adequate internal controls over financial information, safeguarding of assets, and compliance with laws and regulations. For more information on internal controls the State Board of Accounts website at https://www.in.gov/sboa/4450.htm, select drop down menu for **Internal Control Standards.**
    - Comply with record retention and public access laws.

How to Get Ready for an Audit

Auditing is a set of procedures performed to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position and related changes for the year regarding the Public Library.

Confidential working papers are sent to public libraries by State Board of Accounts in advance of audit. Below is a brief list of items to consider before the audit. You will need knowledge of the following:

- General information about the library, including the structure and governance. This will include the primary activities, programs and services the library offers.
- Details on the makeup of the library board; names, board position term and background.
- Designation of principal members of operating and executive branch of the library.
- Describe division of governance and management duties of board and library director.
- Describe any external factors that affect the library such as economy, politics or social conditions.
- Besides property taxes describe the library's major sources of revenues and receipts
- Understand the major expenditures of the library including payroll
- Be prepared to describe the investment policy
- Be prepared to describe funds accounting as it applies to the library's budgeting; understand financial statements as they relate to expenditures and disbursements.
- Be prepared to share appropriate accounting and financial documentation
- Know about library borrowing in order to meet expenses. What are your sources for this financing e.g. short term borrowing, line of credit, or long term debt or leasing?

- Describe how the director, financial officer and library board work together in the budget process.
- Be able to describe hiring process, and compensation methods
- Be able to describe types of computer equipment used, personnel involved, software and how it is reviewed and kept up to date.
- Describe the library's accounting and financial reporting policies
- Library board has fiscal control and some financial decisions require a board resolution. Make sure that resolutions are on file.
- Review the previous audit and note any exceptions that remain or have been corrected

Library Internal Controls

The State Board of Accounts webpage https://www.in.gov/sboa/4450.htm has link to information on **Internal Control Standards** and there is reference to a YouTube video https://youtu.be/L0N80PBbPHQ**.** Public libraries are required to have an internal control policy and to certify that staff has been trained on the policy. Also Indiana State Library has a short webinar that is found on the Trustee Information webpage at https://www.in.gov/library/trustee.htm. See the heading for **Internal Controls for Public Libraries**.

Corrective Action Plan

If you have the same audit exception, repeat findings, in back to back audits, then IC 5-11-5-1.5 requires a Corrective Action Plan. When creating a corrective action plan, include the following:

1. State the Issue
2. List the requirements that were not followed
3. The unit or library responds whether they are in agreement or they don't agree.
4. Identify the root cause of the issue and the steps to take to correct
5. Include a timetable when the corrections will be in place
6. Summary on how the Public Library plans to correct the issue.

For more information consult the State Board of Accounts webpage here https://www.in.gov/sboa/4450.htm see heading for **Corrective Action Plan (CAP – Repeat Findings** for more resources.

Please submit any questions you have related to this process to CAP@sboa.in.gov.

Bulletins

The State Board of Accounts issues library bulletins focusing on specific issues in library bookkeeping, upcoming training, and relevant changes in legislation. These can be found on the State Board of Accounts webpage at https://www.in.gov/sboa/4450.htm then Uniform Compliance Guidelines, then Bulletins. The most recent are:

March 2020
June 2020