MEMORANDUM

TO: Counties, Cities, Towns, Townships, Special Districts

FROM: Paul D. Joyce, CPA, State Examiner

RE: Questions Regarding CARES Money Administered by Indiana Finance Authority (IFA)

DATE: October 28, 2020

Dear Officials,

We are aware that there is confusion concerning the accounting for CARES ACT funding. First, remember there is more than one type of CARES funding and each requires their own separate fund.

The original memo sent April 20, 2020, entitled CARES Act Fund Numbers, was specific to the provider relief fund. These funds were sent directly by the Federal Government to many, but not all local units. These funds were advanced funding and we provided specific fund numbers for each unit type to be used for these monies.

The memo sent April 29, 2020, and updated September 29, 2020, entitled COVID Grant Accounting and Appropriations, specifically addressed the multiple funding streams and required a separate fund to be established for each separately identified assistance provided.

Reimbursements from IFA specific to CARES ACT funding should be in a separate fund from any other type of CARES or COVID-19 funding.

The financial assistance from IFA for CARES ACT is reimbursement, not an advance. This is not new money to be expended. It is reimbursement of money expended from an appropriated fund.

We have had multiple questions regarding expenditures reimbursed by IFA with CARES ACT funding.

State Examiner Directive 2020-3 provided clarifying guidance on accounting specific to IFA reimbursement of CARES ACT qualifying expenditures.

To provide further clarification, the money expended by a unit that is then turned into IFA for reimbursement should have gone through an appropriation process and expended from an appropriated fund. We are not aware of any statutes which would alter council’s role in appropriating money.
We have been made aware of instances where purchases have been made on the behalf of county commissioners or mayors in anticipation of receiving money from IFA without the purchase being made through an appropriated fund. This should not occur. Expenditures made by local government are not guaranteed reimbursement by IFA.

We are aware of instances where the request for reimbursement has been denied by IFA. These denied reimbursements for expenditures were made with unappropriated funds. In these unfortunate situations, all parties must work with the appropriating body to appropriate the needed money in the proper fund so that the expenditure can then be posted in that fund against the appropriation.

State Examiner Directive 2020-3 provides details on the accounting process if this has occurred in your unit.

Please remember that the general laws for appropriation and expenditure of funds would apply to IFA funds. The claims laws require the allowance of a claim by the proper authorizing body and that appropriation is required before a claim can be paid.

If you have any questions do not hesitate to contact us.