

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT EXAMINATION REPORT

OF

EXCEL CENTER FOR ADULT LEARNERS

MARION COUNTY, INDIANA

July 1, 2010 to June 30, 2011



FILED

05/07/2012

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OFFICIALS

Treasurer	Daniel J. Riley	07-01-10 to 06-30-12
Business Manager/ Assistant Treasurer	Tina Sherrard	07-01-10 to 06-30-12
Principal/Chief Operating Officer (COO)	Scott Bess	07-01-10 to 06-30-12
Chairman of the School Board	C. Perry Griffith, Jr.	07-01-10 to 06-30-12
President of Goodwill Education Initiatives	James McClelland	07-01-10 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF EXCEL LEARNING CENTER
FOR ADULT LEARNERS, MARION COUNTY, INDIANA

We have examined the financial statement of Excel Center for Adult Learners (School Corporation), for the period of July 1, 2010 to June 30, 2011. The School Corporation's management is responsible for the financial statement. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the year ended June 30, 2011, on the basis of accounting described in Note 1.

The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Examination Results and Comments identified in our examination is described in the accompanying section of the report entitled Official Response. We did not examine the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and School Board, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

March 14, 2012

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FINANCIAL STATEMENT

The financial statement and accompanying notes were prepared by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

EXCEL CENTER FOR ADULT LEARNERS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2011

	Cash and Investments 06-30-10	Receipts	Disbursements	Cash and Investments 06-30-11
General	-	2,165,789	1,935,637	230,152
Textbook Rental	-	45,441	7,286	38,155
Grant Funds	-	64,584	64,322	262
IDEA	-	35,002	42,704	(7,702)
Public Charter School ESEA Title X, Part C	-	-	204,006	(204,006)
Totals	<u>\$ -</u>	<u>\$ 2,310,816</u>	<u>\$ 2,253,955</u>	<u>\$ 56,861</u>

The notes to the financial statement are an integral part of this statement.

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations, and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's chartering agency.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members'

EXCEL CENTER FOR ADULT LEARNERS
NOTES TO FINANCIAL STATEMENTS
(Continued)

contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

EXCEL CENTER FOR ADULT LEARNERS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Textbook Rental	Grant Funds	IDEA	Public Charter School ESEA Title X, Part C	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Local sources	12,613	-	64,584	-	-	77,197
State sources	985,006	45,441	-	-	-	1,030,447
Federal sources	-	-	-	35,002	-	35,002
Temporary loans	1,168,170	-	-	-	-	1,168,170
Total receipts	<u>2,165,789</u>	<u>45,441</u>	<u>64,584</u>	<u>35,002</u>	<u>-</u>	<u>2,310,816</u>
Disbursements:						
Current:						
Instruction	342,571	7,286	8,426	-	62,104	420,387
Support services	980,115	-	51,306	42,704	116,185	1,190,310
Noninstructional services	41,938	-	778	-	-	42,716
Facilities acquisition and construction	366,237	-	3,812	-	25,717	395,766
Debt services	202,100	-	-	-	-	202,100
Nonprogrammed charges	2,676	-	-	-	-	2,676
Total disbursements	<u>1,935,637</u>	<u>7,286</u>	<u>64,322</u>	<u>42,704</u>	<u>204,006</u>	<u>2,253,955</u>
Excess (deficiency) of receipts over disbursements	<u>230,152</u>	<u>38,155</u>	<u>262</u>	<u>(7,702)</u>	<u>(204,006)</u>	<u>56,861</u>
Cash and investments - ending	<u>\$ 230,152</u>	<u>\$ 38,155</u>	<u>\$ 262</u>	<u>\$ (7,702)</u>	<u>\$ (204,006)</u>	<u>\$ 56,861</u>

EXCEL CENTER FOR ADULT LEARNERS
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Other:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>\$ 219,108</u>

EXCEL CENTER FOR AUDIT LEARNERS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Common School Loan, dated 09-24-10	\$ 875,716	\$ -

EXCEL CENTER FOR ADULT LEARNERS
EXAMINATION RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - SUPPORTING DOCUMENTATION

School records to support the ADM claimed by the School Corporation for the September 17, 2010 count date were not presented for audit. Documentation presented for audit included electronic files that were generated from information obtained from the Indiana Department of Education's (IDOE) website. Therefore, ADM could not be verified to the schools records.

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

TEXTBOOK REIMBURSEMENT CLAIM

Textbook Reimbursement Claims presented for the examination period were not properly calculated. The claims included disbursements for educational materials that were not textbooks or consumables. Additionally, the amounts included were for the total amounts paid. Reimbursement amounts should be calculated based on a per pupil cost for textbooks and consumables for each grade and multiplied by the number of eligible students to determine the amount to be included as costs on the claim for reimbursement. Sufficient information was not provided to determine the correct reimbursement amounts for 2010-2011.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARDS

During the examination period, the School Corporation utilized a credit card to make purchases. Credit card claims were not itemized and did not indicate which fund(s) the disbursements were made from.

Additionally, sufficient supporting documentation was not provided for seven of the ten credit card claims reviewed.

- Credit card purchases totaling \$2,075 did not have original receipts or invoices or were supported only by the credit card slip which did not include itemization of the purchases.

EXCEL CENTER FOR ADULT LEARNERS
EXAMINATION RESULTS AND COMMENTS
(Continued)

- Sales tax was paid on some credit card purchases. The total amount of sales tax paid was \$32.55; however, additional amounts may have been paid on other purchases that did not have supporting documentation.
- Gift cards totaling \$100 were purchased for student and staff incentives and awards. Documentation was not provided to determine who received the gift cards.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

EXCEL CENTER FOR ADULT LEARNERS
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYROLL DISBURSEMENTS

During the examination period, salaries and wages were not established by a formal salary resolution or schedule approved and signed by the governing board. The total amount budgeted for salaries and wages was approved by the School Board. However individual salaries and wages were not approved by the School Board.

Salaries and wages were determined by Goodwill Industries and offer letters were sent to employees. After employees accepted the offers, the human resources department of Goodwill Industries would send an "Employee Status Change Form" to the Business Manager at the School. The "Employee Status Change Form" was signed by various Goodwill Industries employees. The School's Business Manager and an assistant entered "authorized" salaries and wages into the payroll system. New "Employee Status Change Forms" were to be completed for any changes in salaries and wages.

One employee tested had a change in salary and six employees were paid bonuses that did not have "Employee Status Change Forms."

Additionally, three employees tested were contracted employees, but contracts were not presented for examination.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

EXCEL CENTER FOR ADULT LEARNERS
EXIT CONFERENCE

The contents of this report were discussed on March 14, 2012, with Daniel J. Riley, Treasurer; Scott Bess, Principal/Chief Operating Officer (COO); Tina Sherrard, Business Manager/Assistant Treasurer; C. Perry Griffith Jr., Chairman of the School Board; and James McClelland, President of Goodwill Education Initiatives. The Official Response has been made a part of this report and may be found on pages 19 through 21.

March 15, 2012

Indiana State Board of Accounts
302 West Washington Street Room E418
Indianapolis, Indiana 46204-2765

RE: Goodwill Education Initiatives, Inc.
The Excel Center
Written Response to SBOA Audit Results and Comments

State Board of Accounts,

Goodwill Education Initiatives, Inc. and The Excel Center appreciate the opportunity to respond to SBOA's audit results and comments. We also appreciate the courtesy and expediency with which your staff conducted the biennial audit of The Excel Center.

Audit Comments: AVERAGE DAILY MEMBERSHIP (ADM) – SUPPORTING DOCUMENTATION

Management Response:

It is our understanding that SBOA and the Indiana Department of Education (DOE) differ in their interpretations regarding what constitutes adequate supporting documentation for ADM. We followed DOE's prescribed compliance requirements for substantiating our ADM. Going forward the SBOA would like to see a report, generated from our student management system, of the students reported per grade level with written remarks of any adjustments or corrections made before final submission of our count-day ADM. The report should have the superintendent's signature in addition to the ADM signature page that verifies the students submitted matches the final count submitted. This process will be implemented and followed for future school years.

Audit Comments: TEXTBOOK REIMBURSEMENT CLAIMS

Management Response:

We concur with SBOA that calculations used for determining textbook reimbursement were not fully consistent with DOE procedures. As stated by the SBOA auditor, instructions for textbook reimbursement are not entirely clear, and that findings are frequently cited for schools new to the process or with personnel who are new to the process. While the full cost of some textbook materials (including certain computer software fees) can be included with the full purchase price applied across our free/reduced student population, we now understand that other items must have the cost spread out over five years. Our business management staff will work directly with the Department of Education

finance staff to reconcile our filing in error with the correct calculations and to receive in depth training on the proper preparation of the reimbursement report.

Audit Comments: FUND SOURCES AND USES (BARRIER REMOVAL PROGRAM)

Management Response:

A number of our students have extraordinarily difficult home lives and face many challenges in their educational lives. Quite often, such students are unable to do school work, study, read, or even come to school due to crises in their homes and personal lives. To the extent we are able, we will assist a student and/or his or her family by helping remove a barrier to their education. Assistance with rent, utilities, transportation or clothing often allows a student to stay in or return to school and continue their education and progress towards graduation. We are not aware of a prohibition against using general fund dollars to provide occasional assistance to students and families in dire need of help.

Audit Comment: CREDIT CARDS

Management Response:

We have found the use of corporate purchasing cards (p-cards) to be a convenient, efficient way for staff to make purchases for field trips, events, non-recurring items, etc. The p-card program we utilize allows us to set transaction and account limits, set geographic boundaries, and control the types of transactions cardholders can make. Each cardholder signs a p-card policy which indicates proper use of and documentation requirements for p-card purchases. In addition, the same individuals are provided with a copy of the current Indiana ST-105 (sales tax exemption certificate) for the school. They are instructed to present the exemption certificate with all purchases, p-card or otherwise. We concur with SBOA's findings that the documentation supporting p-card purchases is sometimes inconsistent, and sales taxes have been incorrectly paid on occasion. We have re-emphasized our internal documentation requirements, and will revoke p-card privileges for individuals who do not comply with our policies.

SBOA also commented on the use of gift cards as incentives for students and staff, and that controls can be improved for tracking gift card recipients and the reasons for the awards. We will implement a complete inventory system for incentive gift cards so that we can easily track the number and dollar value of cards purchased and the distribution of the gift cards to recipients.

Audit Comments: PAYROLL DISBURSEMENTS

Management Response:

SBOA is accustomed to seeing formal salary resolutions and/or salaries governed by collective bargaining agreements. Because The Excel Center does not have collective bargaining arrangements, salaries are approved by the Board of Directors via the annual budget process. When the annual budget is finalized and submitted to the Board for review and approval, a key element of the budget package is a list of current and budgeted salaries for existing employees, and projected salaries for new positions. The board considers the budget as a whole, and based on its review and questions regarding the detailed information and assumptions contained therein, approves it in its entirety for the coming school year. Within the approved budget, school leadership has the ability to manage salaries as it sees fit, recognizing and rewarding performance (and adjusting as needed where lack of performance is

evident). It has been the Board's philosophy, and school leadership's intent, to manage within the total approved budget for each school year. Going forward, the Board will consider in greater detail the budgeted salaries schedule that lists all existing and new positions. The Board will also designate the Chief Operating Officer and Treasurer or Assistant Treasurer (in the Treasurer's absence) to sign off on all salary adjustments during a school year.

We look forward to working with the SBOA team in the future.

Regards,

Daniel J. Riley
Treasurer, Goodwill Education Initiatives, Inc.