

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
ALEXANDRIA COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA
July 1, 2012 to June 30, 2014



FILED
04/24/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheryl Harvey	07-01-12 to 06-30-15
Superintendent of Schools	Dr. Alice Johnson	07-01-12 to 06-30-15
President of the School Board	Gary Libler Larry Lipps Warren Brown	07-01-12 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE ALEXANDRIA COMMUNITY
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the Alexandria Community School Corporation (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 5, 2015

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted that total federal expenditures for fiscal years 2013 and 2014 were incorrectly reported with expenditures being overstated by \$41,033 in 2013 and understated by \$477,079 in 2014. The net expenditures were understated in 2014 due to the omission of funding from the Department of Agriculture for the Child Nutrition Cluster and the Child and Adult Care Food Program. Additionally, the following deficiencies were noted when verifying the SEFA: (a) a special education grant award was reported under an improper Catalog of Federal Domestic Assistance (CFDA) number; and (b) the pass-through entity for special education awards was not properly identified.

We believe the deficiencies discussed above constitute a material weakness. The errors and omissions on the SEFA were partially caused by a lack of sufficient internal controls over the preparation of the SEFA and due to insufficient familiarity with some of the required elements of the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and indentifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other indentifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES -
INTERNAL CONTROLS/COMPLIANCE REQUIREMENTS***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-5265, 13-5265, 14-5265;
FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14212-094-PN01, 14213-094-PN01,
14214-094-PN01, A583-13DL-0079,
99914-094-TZ01, 45712-094-PN01,
45713-094-PN01, 45714-094-PN01;
FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to its grant agreements and the Allowable Costs/Cost Principles compliance requirements.

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirements related to its Title I Grants to Local Educational Agencies. School Corporation officials did not prepare the Semi-Annual Certification Activity Report listing all employees paid solely from Title I funds as required.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirements related to its Special Education and Special Education Preschool Grants. The School Corporation failed to keep the necessary documentation relating to time and effort. For those employees that were paid entirely from Special Education funds, the School Corporation should have included their names on a Semi-Annual Certification Activity Report. For employees that were paid partially from Special Education funds, there should have been Time and Effort Logs maintained to help ensure that payments were properly allocated between federal and nonfederal funds as required.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 8.h in part states:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards. . . . Such documentary support will be required where employees work on: (a) more than one Federal award, (b) A Federal award and a non-Federal award, . . ."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

***FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/
COST PRINCIPLES, CASH MANAGEMENT, REPORTING - INTERNAL CONTROLS***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-5265, 13-5265, 14-5265;
FY 2012-13, FY 2013-14

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14212-094-PN01, 14213-094-PN01,
14214-094-PN01, A583-13DL-0079,
99914-094-TZ01, 45712-094-PN01,
45713-094-PN01, 45714-094-N01,
FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

For the purpose of Activities Allowed or Unallowed, and Allowable Costs/Cost Principles, the controls that are currently in place have not been consistently implemented. The Business Manager reviews the Check Register for each payroll period to ensure that only employees that should be paid from the Title I or Special Education Funds are, and she signs the Check Register to provide documentation of review. However, the Check Register was not signed by the Business Manager on a consistent basis.

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to their grant agreements and the Cash Management and Reporting compliance requirements.

There was a lack of segregation of duties related to the Cash Management and Reporting compliance requirements. The Treasurer/Business Manager was the sole person responsible for the preparation and submission of the monthly Request for Reimbursement and the Annual Expenditure Reports. There was no oversight or review of the Cash Management and Reporting functions.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2014-004 - CASH MANAGEMENT, PROCUREMENT, SUSPENSION,
AND DEBARMENT - INTERNAL CONTROLS/COMPLIANCE REQUIREMENTS***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

The School Corporation had no controls in place to ensure compliance with Cash Management requirements. The cash balance in the School Lunch fund was greater than three months average expenditures at the end of each of the 24 months of the audit period. The cash balance exceeded the allowed balance of three months average expenditures by an average of approximately \$169,000 per month during the audit period.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

7 CFR 210.9(b) states in part:

"Each school food authority approved to participate in the program shall . . . (2) Limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved in accordance with section 210.19(a)."

The School Corporation had no controls over the Suspension and Debarment compliance requirements. In fact, the School Corporation had no process in place by which vendors were reviewed to determine that they were not suspended or debarred prior to the School Corporation contracting with them.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

7 CFR 3016.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to their grant agreements and compliance requirements as listed above.

FINDING 2014-005 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY, REPORTING, SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS, PAID LUNCH EQUITY - INTERNAL CONTROLS

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to its grant agreements and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Reporting, and Special Tests and Provisions compliance requirements.

For the purpose of Activities Allowed or Unallowed and Allowable Costs/Cost Principles, the controls that are currently in place have not been consistently implemented. The Business Manager reviews the Check Register for each payroll period to ensure that only employees that should be paid from the School Lunch fund are, and she signs the Check Register to provide documentation of review. However, the Check Register was not signed by the Business Manager on a consistent basis.

In determining eligibility, the Food Service Director enters the majority of free and reduced lunch applications into the School Corporation's food service software. The remaining applications are entered by the Superintendent of Schools' Secretary. In both cases, these persons were the sole School Corporation officials to process and review school lunch free and reduced applications. There was no second individual checking the information entered by either the Superintendent of Schools' Secretary or the Food Service Director to verify accuracy of the data entered.

For the purpose of reporting, the procedure of the School Corporation was for the Business Manager to review the reimbursement requests and annual financial reports. However, there was no evidence that a review of the reports had been performed as required.

For school year 2012-2013, the controls over the review of free and reduced price applications subject to verification were not functioning in accordance with the School Corporation's procedures. There was no evidence of a second individual reviewing the information subject to verification.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

For school year 2013-2014, there was no evidence of the review of the paid lunch equity calculation. There was no documented approval of the meal prices as implemented based on the calculations.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

***FINDING 2014-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT -
INTERNAL CONTROLS/COMPLIANCE REQUIREMENTS***

Federal Agency: Department of Education

Federal Program: Title I Grant to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-5265, 13-5265, 14-5265;
FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Special Education Cluster (IDEA)

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14212-094-PN01, 14213-094-PN01,
14214-094-PN01, A583-13DL-0079,
99914-094-TZ01, 45712-094-PN01,
45713-094-PN01, 45714-094-N01,
FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to its grant agreements and the Equipment and Real Property Management compliance requirements.

During the audit, we noted that the equipment inventory records were not being properly maintained as required. Equipment records, as presented for audit, did not include a serial number or other identifying number, an acquisition date, cost, or date of disposal.

34CFR 80.32(d)(1) states:

"Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to maintain proper equipment records could result in the misplacement of assets. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above to ensure compliance with applicable requirements.

Alexandria Community School Corporation

202 E. Washington Street, Alexandria, IN 46001 (765) 724-4496 Fax (765) 724-5049

Dr. Alice Johnson, Superintendent

Cheryl Harvey, Business Manager/Treasurer

CORRECTIVE ACTION PLAN

FEDERAL FINDING 2014-001

Contact Person Responsible for Corrective Action: **Cheryl Harvey**

Contact Phone Number: **765-724-4496**

Description of Corrective Action Plan

Due to the changes in reporting of the Federal Awards in Gateway there were errors in the procedure in 2014. The Business Manager will look over the instructions and any other guidance to become more familiar with the process. She will also bring the Deputy Treasurer in to the procedures concerning the Federal Awards in order to have a second person to verify the information.

Anticipated Completion Date: **08-01-2015**

FEDERAL FINDING 2014-002

Contact Person Responsible for Corrective Action: **Cheryl Harvey**

Contact Phone Number: **765-724-4496**

Description of Corrective Action Plan

We were not aware of the complete requirements regarding the Semi-Annual Certification Activity Reporting for the Title I and Special Ed Federal Grants. We are aware now and will be doing this correctly. Title I and Special Ed Directors were brought in for consultation during the Audit and now understand the requirements. Both Directors will notify the Business Manager and Human Resource Director of which employees will be paid from their specific grant and the percent of their salary. During Payroll the Human Resource Director will notify the Directors of the Grant as to what employees were paid from the grant. The Directors will look over for accuracy. The Business Manager will also verify that only the employees listed in the grant are being paid from the grant. The two grant directors will complete the reports and the Human Resource director will verify for accuracy.

Anticipated Completion Date: **08-01-2015**

FEDERAL FINDING 2014-003

Contact Person Responsible for Corrective Action: **Cheryl Harvey**

Contact Phone Number: **765-724-4496**

Description of Corrective Action Plan

We will continue to prepare and submit continue to submit monthly Request for Reimbursement and the Annual Expenditure Report for the Title I Federal Grant. Then the Director of Title I will verify the information and sign the report.

Anticipated Completion Date: **04-01-2015**

FEDERAL FINDING 2014-004

Contact Person Responsible for Corrective Action: **Cheryl Harvey**

Contact Phone Number: **765-724-4496**

Description of Corrective Action Plan

The corporation has several updates to individual cafeterias that will use some of the cash balance. These projects will take place starting this year and finish in 2015-2016 school year. Also with the new requirements to the kinds of food allowed to be served for the meals, the cost of each meal will be increasing, therefore depleting the cash balance further. The Business Manager will continue to monitor the cash balance. With the cooperation of the Cafeteria Director we will work on getting in compliance with the amount acceptable to have as a cash balance.

To prevent having a contract with a vendor that is in suspension or debarment, the Sam's website will be incorporated in to the process. The Cafeteria will report to the Business Manager if there is a contract being considered. The Business Manager will check the Sam's website to verify that the vendor is not listed on the exclusion list. If they are on the list the contract will be stopped.

Anticipated Completion Date: **08-01-2015**

FEDERAL FINDING 2014-005

Contact Person Responsible for Corrective Action: **Cheryl Harvey**

Contact Phone Number: **765-724-4496**

Description of Corrective Action Plan

The Business Manager will continue to look over the check register to verify that only employees that are supposed to be paid from the cafeteria fund are actually being paid from that fund. The signature of the Business Manager will be placed on the check register to document that it was verified.

The Cafeteria Director and the Superintendent's secretary will be responsible for the free and reduced applications. This includes the ones that required to be verified. The process will change so that both employees will actually check every application. One will enter the information from the application in to the verification system and the other will verify that the correct information was entered. Both signatures will be required on each application.

The Business Manager will begin looking more closely at the state reimbursement claims and verifying the accuracy of them and then comparing to the amount received. The signature of the Business Manager will be required on the reimbursement form.

The Cafeteria Director and Business Manager both work on the calculation of the paid lunch equity formula each year. They will both sign to verify their knowledge that the calculation is correct. The calculation will be presented to the School board members with any required price increase. The School board will acknowledge in the board minutes that they saw the calculation and agree with it.

Anticipated Completion Date: **08-01-2015**

FEDERAL FINDING 2014-006

Contact Person Responsible for Corrective Action: **Cheryl Harvey**

Contact Phone Number: **765-724-4496**

Description of Corrective Action Plan

The corporation has software used for inventory that we will be looking at as a device to help record and track the inventory or equipment purchased with Title I and Special Education grants. We will have the Special Education secretary have the responsibility of the Special Education equipment. The elementary secretary will have the responsibility of the Title I equipment. They will enter the equipment as it is received and record any equipment being discarded and explain why. The Directors of each grant will be responsible for letting the secretaries know of any movement of the equipment while it is in use.

Anticipated Completion Date: **08-01-2015**

Cheryl Harvey
(Signature)

Bus Mgr / Treasurer
(Title)

3-4-2015
(Date)

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

**AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT
REPORTING TO THE STATE AND LACK OF RECORDS**

The information presented for audit indicated enrollment figures on Form No. 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2014.

The enrollment count dates for school year 2014 were September 13, 2013, and February 3, 2014, respectively. There was a discrepancy between the count as maintained for audit and what was reported on the September 13, 2013 count date. The difference between the count reported on the ADM and the verified figures for September 13, 2013, are shown below:

Count Date	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
09-13-13	Kindergarten	52	52	-
09-13-13	1 through 12	1,424	1,426	2

The designated building level personnel did not provide written certification that the detailed student records maintained to support the ADM claimed was accurate. For both the September 13, 2013 and February 3, 2014 ADM counts, school principals did not sign a statement detailing the names and location of the records used. The February 3, 2014 summary count sheet was printed and signed by principals subsequent to the submission of ADM numbers to the Indiana Department of Education.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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.) is 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)

GATEWAY ANNUAL FINANCIAL REPORT

The Gateway Annual Financial Report for 2013-2014 school year was not filed electronically until October 15, 2014.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TEXTBOOK RENTAL FEES

The School Corporation charged textbook rental fees that were set at 25 percent of the cost of each textbook. They used this rate for the first six years that the textbooks were used. However, according to Indiana Code 20-26-12-2, a fee of 25 percent of the cost may only be used until the cost of the textbook is recovered after four years. After four years, the maximum amount that may be charged is 15 percent of the cost of the textbook.

Indiana Code 20-26-12-2 states in part:

"(a) A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is:

- (1) in compliance with the minimum certification standards of the state board; and
- (2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials.

(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of curricular materials that have been:

- (1) extended for usage by students under section 24(e) of this chapter; and
- (2) paid for through rental fees previously collected."

OFFICIAL BOND

An individual Surety Bond was not recorded in the Office of the County Recorder for the Deputy Treasurer for the school year 2012-2013. Officials were unable to present a Surety Bond for the Deputy Treasurer for audit.

Indiana Code 20-26-4-5 states in part:

"For each school year commencing July 1, the treasurer of each governing body and the governing body's school corporation and a deputy treasurer, if so appointed, shall give a bond for the faithful performance of the treasurer's and deputy treasurer's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the governing body."

ACCOUNTING FOR PREPAID LUNCH RECEIPTS

Prepaid lunch receipts were not placed in Fund 8400 Prepaid Lunch, a clearing account, but were instead accounted for in the School Lunch fund, fund 800. The entire amount of prepaid lunch receipts were recognized in the School Lunch fund, fund 800, at the time of receipt as revenue and not as applied from the clearing account as students consumed their individual account balances. As a result, the subsidiary records of prepaid lunch fund balances by student could not be reconciled to an overall balance on a routine basis by officials as required.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (The School Administrator Volume 183, September 2008)

ALEXANDRIA COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2015, with Cheryl Harvey, Treasurer; Dr. Alice Johnson, Superintendent of Schools; and Warren Brown, President of the School Board.