

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ROCHESTER COMMUNITY SCHOOL CORPORATION

FULTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/29/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shelia Howe (Vacant) Sherie Breitenbach	02-28-12 to 09-26-14 09-27-14 to 11-23-14 11-24-14 to 12-31-15
Superintendent of Schools	Daniel Ronk Jana K. Vance	07-01-12 to 06-30-14 07-01-14 to 06-30-15
President of the School Board	Joseph McCarter Donald Meyer Thomas Schwenk	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE ROCHESTER COMMUNITY SCHOOL
CORPORATION, FULTON COUNTY, INDIANA

This report is supplemental to our audit report of the Rochester 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

April 22, 2015

ROCHESTER COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

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

The School Corporation did not have a system of internal controls 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. The Treasurer independently prepares the SEFA without oversight, review, or approval.

During the audit of the SEFA, we noted that CFDA numbers were not included, grants passed-through a state or local agency were reported as grants directly from a federal agency, three state grants were included, and several federal grants were either incomplete or omitted, such as the programs in the Child Nutrition Cluster, which understated the SEFA by \$279,196 for the audit period. 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 in part:

"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.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

ROCHESTER COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation has not separated incompatible activities related to Cash and Investments and Receipts. The Treasurer receives cash, posts cash transactions to the ledger, prepares the deposit slip, takes the deposit to the bank, and prepares the monthly reconciliements of the financial record balance to the bank balance. A monitoring or review process has not been established to ensure monthly reconciliements or the receipt transactions were properly completed. There is no segregation of duties, including no oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to go undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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)

FINDING 2014-003 - INTERNAL CONTROLS OVER THE SCHOOL BREAKFAST PROGRAM, THE NATIONAL SCHOOL LUNCH PROGRAM, AND THE SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY2013, FY2014
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 the grant agreement and several of the compliance requirements that have a direct and material effect on the programs. This includes the compliance requirements for Cash Management, Eligibility, Equipment and Real Property Management, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Applications. 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 programs.

ROCHESTER COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cash Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were in compliance with the Cash Management requirements. A monitoring or review process has not been established to ensure that the School Lunch fund's net cash resources are limited to three months' average expenditures in compliance with Cash Management requirements.

Eligibility

The School Corporation has not designed or implemented adequate policies and procedures to ensure that free and reduced meal applications are accurately determined. Currently, the application information is entered into the food service software which automatically made the determination dependent on the information entered into the software. There was no segregation of duties, such as oversight, review, or approval process to ensure that the information entered into the food service software is correct.

Equipment and Real Property Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that capital assets purchased with federal funds were recorded in compliance with the Equipment and Real Property Management requirements. There was no monitoring procedure to ensure that assets were properly recorded as purchased with federal funds.

Reporting

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The monthly reimbursement request is independently prepared by the Food Service Director and submitted electronically via the Indiana Department of Education's website. This report was not subjected to review prior to submission. The Food Service Director also submitted the Annual Financial Report which was not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process over compliance with the Reporting requirements.

Special Tests and Provisions - Verification of Free and Reduced Applications

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the verification of free and reduced meal applications are subjected to review after the initial eligibility determination. The applications are entered into the software for eligibility determination which automatically makes the determination dependent on the information entered into the system. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the verification information entered into the food service software was correct.

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.

ROCHESTER 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. 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 establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the programs.

***FINDING 2014-004 - INTERNAL CONTROLS OVER THE
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Years: 2011-12, 2012-13, 2013-14
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 the grant agreement and the Cash Management and Reporting compliance requirements. 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.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared and submitted or that expenditures submitted for reimbursement were paid prior to the request. Requests for reimbursements were independently prepared by the Treasurer and properly filed with Indiana Department of Education. The reports were not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process over compliance with Cash Management and Reporting requirements.

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 type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

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."

ROCHESTER COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect to the program.

FINDING 2004-005 - INTERNAL CONTROLS OVER THE SPECIAL EDUCATION - GRANTS TO STATES AND SPECIAL EDUCATION - PRESCHOOL GRANTS

Federal Agency: U.S. Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Years: 2011-12, 2012-13, 2013-14, 2012

Pass-Through Entities: Warsaw Community School Corporation, 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 the grant agreement and the Cash Management and Reporting compliance requirements. 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 programs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared and submitted or that expenditures submitted for reimbursement were paid prior to the request. Requests for reimbursements were independently prepared by the Treasurer and properly filed with Indiana Department of Education. The reports were not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process to ensure compliance with Cash Management and Reporting requirements.

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 as well as having a separation of functions over certain activities related to the programs. 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."

ROCHESTER COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with 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 establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the programs.



Rochester Community School Corporation
...inspiring individuals to learn, grow, and give

Jana K. Vance
Superintendent

690 Zebra Lane • P.O. Box 108
Rochester, Indiana 46975-0108
Phone: 574-223-2159 • Fax: 574-223-4909

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls in preparing the Schedule of Federal Awards (SEFA). Clarification regarding the preparation of the SEFA report was obtained from the auditors. Future reports will be prepared by the Deputy Treasurer at the end of each fiscal period. The report along with the applicable financial documentation will be submitted to the Treasurer for review. The completed SEFA report will be maintained in our files and will be available during the next audit as required.

Anticipated Completion Date: This corrective action will immediately be put into place.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-18-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls over financial transactions and reporting. Duties of the Treasurer and Deputy Treasurer have been amended and are being overseen as follows in order to provide a greater level of internal control as it relates to receipts, cash, and investment balances. If Deputy Treasurer prepares deposit ticket. Deposit ticket is physically verified (total, number of items, and item format) by the financial department assistant or by the Treasurer prior to deposit being made at the bank. Verification is noted by initialing the deposit ticket and the receipt edit report after Deputy Treasurer processes the receipts. If Treasurer prepares deposit ticket. Deposit ticket is physically verified (total, number of items, and item format) by the financial department assistant or by the Deputy Treasurer prior to deposit being made at the bank. Verification is noted by initialing the deposit ticket and the receipt edit report after Treasurer processes the receipts. Bank reconciliations and investment reports prepared by the Treasurer are being reviewed by Deputy Treasurer and such review is verified by Deputy Treasurer initials and date. Financial statements are prepared through computer financial software program. Upon completion of processing such reports are reviewed by the Treasurer. Financial reports are prepared for Board of School Trustees by Deputy Treasurer and Treasurer. And, Board of School Trustees approves said reports as part of the monthly board meeting consent agenda.

Anticipated Completion Date: This corrective action will immediately be put into place; in fact the duties had changed during the audit process.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-18-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls over the school breakfast program, the national school lunch program and the summer food service program for children. Clarification regarding procedure for reporting funding of capital assets purchased with federal funds has been reviewed with central office staff responsible for keeping up to date with capital assets software. Adding the federal fund the asset was purchased from. The Food Service Director will maintain a file with free/reduced lunch applications, online free/reduced application submissions, and direct certification verifications as required. The Food Service Director will have the applications reviewed by the Deputy Treasurer or Treasurer before they are sent. The Food Service Director will give monthly reports of reimbursement from the state to the Treasurer. The Treasurer each month gives food service reports to Food Service Director to compare with food service reports. The Treasurer and Food Service Director work together to monitor food service budget. All reports are to be initiated by the Treasurer and Food Service Director.

Anticipated Completion Date: This corrective action will immediately be put into place; in fact the procedures had changed during the audit process.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-22-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls over the Title I Grants to Local Educational Agencies. Business office staff will review grant accounting records to note if items charged to the grant appear to be consistent with the approved grant budgets. Fiscal grant reports and reimbursement requests will be prepared, verified, and signed by the Treasurer. The Deputy Treasurer will verify and sign all fiscal grant reports and reimbursement requests. After each payroll a payroll distribution report is sent to the Title I coordinator to view and sign. After signed the report is sent back to the Business office to go into the grant file.

The Title I coordinator and Riddle principal will work with relevant Title I staff to submit accurate and verified comparability reports and documentation. The Title I Coordinator will adhere to the deadlines for submission laid out in the grant agreement to ensure the reports are submitted in a timely manner.

Anticipated Completion Date: This corrective action will immediately be put into place; in fact some of the procedures had changed during the audit process.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-18-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-005

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

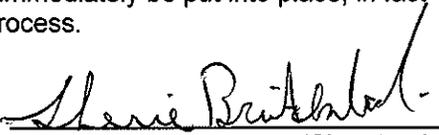
Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

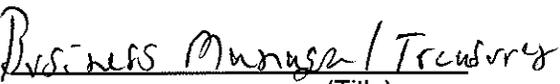
The Rochester Community School Corporation will take steps to improve the internal controls over the Special Education_ Grants to States and Special Education_ Preschool Grants. Business office staff will review grant accounting records to note if items charged to the grant appear to be consistent with the approved grant budgets. Fiscal grant reports and reimbursement requests will be prepared, verified, and signed by the Treasurer. The Deputy Treasurer will verify and sign all fiscal grant reports and reimbursement requests. After each payroll a payroll distribution report is sent to the Director of Student Support Services to view and sign. After signed the report is sent back to the Business office to go into the grant file.

The Director of Student Support Services will work with relevant special education staff to submit accurate and verified comparability reports and documentation. The Director of Student Support Services will adhere to the deadlines for submission laid out in the grant agreement to ensure the reports are submitted in a timely manner.

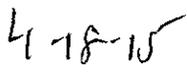
Anticipated Completion Date: This corrective action will immediately be put into place; in fact some of the procedures had changed during the audit process.



(Signature)



(Title)



(Date)

ROCHESTER COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

SCHOOL TRANSPORTATION FUND

As of May 20, 2013, a portion of the Superintendent of School's and Treasurer's salaries were paid from the School Transportation fund. Payments totaled \$5,867 for the Superintendent of Schools and \$14,125 for the Treasurer for the audit period. Effective July 1, 2014, the School Corporation is no longer paying a portion of the Superintendent of School's salary from the School Transportation fund.

The Conclusion of Attorney General Advisory Number 96-78 states in part: "The school transportation fund was established to cover costs which are attributable to transportation. Indiana Code 21-2-11.5-2(b)(1) through (b)(7) (now 20-40-6-6) set forth the costs which may be attributed to transportation. According to subsection (b)(1), the salaries of "transportation-related" employees may be paid from this fund. As the school superintendent and school corporation treasurer do not appear to be positions that are transportation-related, payment from the transportation fund of the salaries attached to these positions would be improper." (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

ANNUAL FINANCIAL REPORTS

The School Corporation did not file the Gateway Annual Financial Report for school year 2013-2014 in a timely manner. The report was due August 29, 2014, but was not submitted until December 9, 2014. Also, the Annual Financial Reports for school years 2011-2012, 2012-2013, and 2013-2014, were not advertised in a timely manner.

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."

Indiana Code 5-3-1-3(b) states: "Not earlier than August 1 or later than August 15 of each year, the secretary of each school corporation in Indiana shall publish an annual financial report."

AVERAGE DAILY MEMBERSHIP (ADM)

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership (ADM) claimed was accurate.

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)

ROCHESTER COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

CREDIT CARD POLICY

The School Corporation did not comply with its "Use of Credit Card policy." The policy states that the Superintendent of Schools holds and supervises the credit card; however, the Business Manager is in possession of the School Corporation's credit card. Also, the request form, to be submitted before use of the card is allowed, does not contain all of the information required in the current policy.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRAVEL PAYMENT AND REIMBURSEMENT POLICY

The School Corporation did not always comply with its "Travel Payment and Reimbursement Policy." The policy states: "Payment and reimbursement rates for per diem, meals, lodging, and mileage shall be established by the Corporation and approved by the Board annually." We could find no evidence that rates are being approved annually by the Board.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PREPAID FOOD FUND

In 2013, the School Corporation discontinued a Prepaid Food Fund which was a "control" fund for student prepaid lunch and breakfast accounts. Receipts from students who prepay for food are receipted directly into the School Lunch fund instead of a clearing account that should be established for prepaid food.

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 Administrator and Uniform Compliance Guidelines, Vol. 183)



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Jana K. Vance
Superintendent

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April 18, 2015

To: Whom It May Concern;

Even though the current administration was not in place during the period that the audit was conducted. The employment of a new Superintendent Jana Vance as of July 1, 2014 and Business Manager/Treasurer Sherie Breitenbach as of November 17, 2014. We are more than willing to take on the responsibility and will be accountable in resolving and correcting the issues that were identified.

Respectfully,

A handwritten signature in cursive script that reads "Sherie Breitenbach".

Sherie Breitenbach
Business Manager/Treasurer

A handwritten signature in cursive script that reads "Jana K. Vance".

Jana Vance
Superintendent



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April 18, 2015

State Board of Accounts
Indianapolis, IN 46204

RE: Audit Results and Comments Audit Report July 1, 2012 to June 30, 2014

To: Whom It May Concern:

School Transportation Fund

When talking with the Auditor about a percentage of the Business Manager/Treasurers salary coming out of Transportation Fund and auditor checking on if a percentage could come out when in the job description of the Business Manager/ Treasurer has listed as the Transportation Director. Starting in April 2015, we are no longer paying a portion of the Business Manager/Treasurers salary from the Transportation Fund.

Annual Report

I cannot answer to why reports did not get filed in Gateway and advertised in a timely manner as I was not employed by the school during that time. Procedures have been implemented to make sure reports are done on time in the future.

Average Daily Membership (ADM)

This process is being addressed to improve the accuracy of the reports.

Credit Card Policy

The last time the Credit Card Policy was updated was in 2005. We are in the process of updating the policies per State Board of Accounts rules and suggestions.

Travel Payment and Reimbursement Policy

We are in the process of updating the policy per State Board of Accounts rules and suggestions.

Prepaid Food Fund

We are looking into the Prepaid Food Fund.

Respectfully Submitted,


Sherie Breitenbach
Business Manager/Treasurer

ROCHESTER COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 22, 2015, with Sherie Breitenbach, Treasurer; Linda Milliser, Deputy Treasurer; Jana K. Vance, Superintendent of Schools; and Jennifer M. Smith, School Board member.