

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

DELAWARE COMMUNITY SCHOOL CORPORATION

DELAWARE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
06/11/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tarina Morris	07-01-12 to 12-31-15
Superintendent of Schools	Steve R. Hall	07-01-12 to 06-30-15
President of the School Board	Norbert Heban Trent Fox John Adams Tyce Stebbins	07-01-11 to 12-31-12 01-01-13 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 DELAWARE COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Delaware 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 Finding, identified in the above referenced audit report, was included in this report and should be viewed in conjunction with the Audit Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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 Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

April 27, 2015

DELAWARE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDING

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.

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)

OFFICE OF SUPERINTENDENT
DELAWARE COMMUNITY SCHOOL CORPORATION
7821 State Road 3 North
Muncie, IN 47303
Phone: 765-284-5074
Fax: 765-284-5259

Board of Education

Tyce Stebbins, President
Adam Williams, Vice President
Trent Fox, Secretary
John Adams, Member
Alice Gillis, Member

Steven R. Hall, Superintendent
Darin K. Gullion, Assistant Superintendent

DELAWARE COMMUNITY SCHOOL CORPORATION
CORRECTIVE ACTION PLAN

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

Date of Response: April 27, 2015

Name of contact person responsible for corrective action: Dr. Darin K. Gullion

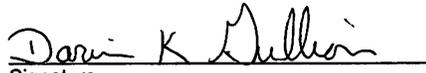
Child Nutrition Cluster-The claim date was used instead of the process date to report federal awards for the Child Nutrition Cluster. In addition, calculations for commodities were missing the following categories: "No charge used" and "bonus used". Notes have been added to the audit file in regard to calculating the federal awards for the Schedule of Expenditures of Federal Awards. These notes will be used for future reporting.

State Reimbursement-State reimbursement was erroneously receipted into federal reimbursement account numbers-Contact has been made with the Food Service Director and income sheets have been revised to reflect state reimbursement payments and the correct account numbers.

Title I Transfer-The Schedule of Expenditures of Federal Awards erroneously included the transfer of \$38,807.00 from Title II to Title I. Notes have been made in the audit file and the file for the Annual Financial Report that funds transferred from a federal grant to another federal grant are not to be included on the Schedule of Expenditures of Federal Awards. These notes will be used for future reporting.



Signature
Title: Superintendent



Signature
Title: Assistant Superintendent



Signature
Title: Corporation Treasurer

DELAWARE COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

ACCOUNTING FOR PREPAID LUNCH RECEIPTS

Prepaid lunch receipts were not recorded 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.

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, September 2008)

Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (Accounting and Uniform Guidelines Manual for Extra-Curricular Accounts, Chapter 3)

DELAWARE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on April 27, 2015, with Tarinna Morris, Treasurer; Steve R. Hall, Superintendent of Schools; Darin K. Gullion, Assistant Superintendent of Schools; and Tyce Stebbins, President of the School Board.