

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

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



FILED
07/23/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kevin J. Brown	07-01-12 to 06-30-15
Superintendent of Schools	Dr. Felix Chow	07-01-12 to 06-30-13
	Beth Clark (Interim)	07-01-13 to 09-30-13
	Dr. Tim Edsell	10-01-13 to 06-30-14
	Terry L. Thompson	07-01-14 to 06-30-15
President of the School Board	Ben Gale	07-01-12 to 12-31-12
	Jean L. Chaille	01-01-13 to 12-31-13
	Ben Gale	01-01-14 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Anderson 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

May 7, 2015

ANDERSON 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 total expenditures being understated by \$798,359 and overstated by \$1,295,015 in each year, respectively. The net expenditures were understated in 2013 and overstated in 2014 primarily due to incorrect amounts being reported for the Child Nutrition Cluster. Additionally, the following deficiencies were noted when verifying the SEFA: (a) commodities required to be reported under the National School Lunch Program, CFDA 10.555, were omitted in the amount of \$264,980 and \$266,611 for fiscal years 2013 and 2014, respectively; and (b) nonfederal funds provided by the Indiana Department of Education were included on the SEFA.

We believe the deficiencies discussed above constitute material weaknesses. 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.

ANDERSON 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 - ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS - COMPARABILITY - 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): 12-5275, 13-5275, 14-5275

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 following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Special Tests and Provisions - Comparability. The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting and Special Tests and Provisions - Comparability compliance requirements related to its Title I Grants to Local Educational Agencies.

During the audit, School Corporation officials paid \$618 for a bowling party and \$3,418 for food purchases for a summer school program with Title I funds. These expenditures were subsequently claimed for reimbursement and included on program reports. These purchases do not meet the requirements of the grant agreement. We consider the total amount of these purchases, \$4,036, to be questioned costs.

For the purposes of activities allowed or unallowed and allowable costs/cost principles, the controls that are currently in place have not been consistently implemented. The Title I Coordinator reviews the payroll distribution report for Title I periodically to ensure that only employees that should be paid from the Title I funds are, and then initials the report to provide documentation of review. However, this review is not done on a consistent basis.

ANDERSON COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

As it regards allowable costs/cost principles, cash management, reporting, and special tests and provisions - comparability there was a lack of segregation of duties. The Title I Coordinator is the sole person involved in the calculation of the indirect cost amount requested for reimbursement and the comparability reports. The Accounting Supervisor is 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 these 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.

OMB Circular A-87, Attachment B, paragraph 14 states:

"Entertainment, Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable."

OMB Circular A-87, Attachment A, paragraph C(1)(d) states:

"Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items."

The Title I Fiscal Handbook - Allowable Uses of Title I Funds states in part:

"Generally, there is a very high burden of proof to show that paying for food and beverages with Federal funds is necessary to meet the goals and objectives of a Federal grant."

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

ANDERSON COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2014-003 - ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES - INTERNAL CONTROL/COMPLIANCE REQUIREMENTS

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): 14212-002-PN01, 14213-002-PN01,
14214-002-PN01, 99914-002-TAO1,
45712-002-PN01, 45713-002-PN01,
45714-002-PN01

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 following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles. 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 substitute teachers. Time and effort logs should be maintained to help ensure that payments were properly allocated between federal and nonfederal funds as required.

There was a lack of segregation of duties related to the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. The Payroll Supervisor was the sole person involved in the payroll transactions with no separate reviews of individuals paid from the special education grants by officials. This has led to numerous adjustments being required due to payrolls initially being posted to incorrect accounts. This lack of segregation of duties within an internal control system could also allow noncompliance with grant 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.

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 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-87, Attachment B, paragraph 8.h. (4) states:

"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 in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. 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,

ANDERSON COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

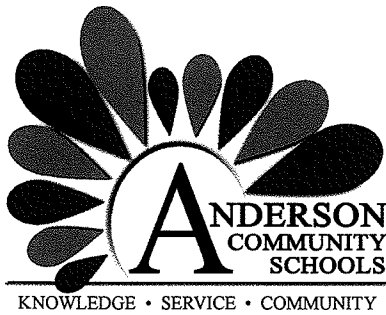
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

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. 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.



Kevin J. Brown
Chief Financial Officer
kbrown@acsc.net

1600 Hillcrest Avenue • Anderson, Indiana 46011 • 765.641.2010 • Fax 765.641.2081

CORRECTIVE ACTION PLAN

FEDERAL FINDING – 2014-001

Contact Person Responsible for Corrective Action: Donna Curtis, Director of Food Service

Contact Phone Number: (765) 641-2094

Description of Corrective Action Plan

Due to a lack of understanding of all data that is required to be documented related to commodities, and the fact Gateway is relatively new as is the requirements for us to complete the schedule of expenditures of Federal Awards (SEFA), all data required was not updated in the SEFA. As a result, the deficiencies noted in the findings will be corrected.

Anticipated Completion Date: Immediate.

FEDERAL FINDING – 2014-002

Contact Person Responsible for Corrective Action: Pamela K. Storm, Title 1 Coordinator

Contact Phone Number: (765) 641-2160

Description of Corrective Action Plan

It is recognized that there is a high burden of proof for paying for food and beverages with Federal Funds. As a result, the Anderson Community School Corporation will discontinue the purchase of food and beverage that is not allowed under the law.

Regarding the payroll distribution report, the Title I director will review said distribution on a consistent basis.

Anticipated Completion Date: Immediate.

FEDERAL FINDING – 2014-003

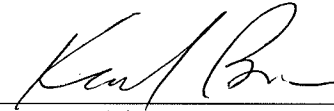
Contact Person Responsible for Corrective Action: Angela J. Vickery, Director of Special Education

Contact Phone Number: (765) 641-2126

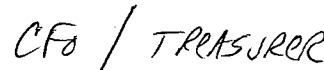
Description of Corrective Action Plan

All required time and effort documentation will be maintained in accordance with federal requirements. In addition, all staff charged to Special Education will be consistently monitored to assure accurate assignment of costs.

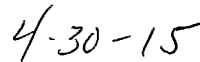
Anticipated Completion Date: Immediate.



(Signature)



(Title)



(Date)

ANDERSON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT

The Annual Report for the fiscal year that ended June 30, 2014, was not filed electronically until October 8, 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."

NON-TEACHING CERTIFIED STAFF CONTRACTS NOT POSTED TO SCHOOL WEBSITE

The Superintendent of Schools did not post the provisions of contracts for non-teaching certified staff on the School Corporation's website as required. A list of salaries for non-teaching certified staff was posted for the 2012-13 school year only.

Indiana Code 20-26-5-4.7(b) states: "The superintendent shall post the provisions of an employment contract that the school corporation enters into with a certificated employee on the school corporation's Internet web site."

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

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. The difference between the count reported on the ADM and the verified figures are shown below:

Count Date	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Over (Under) Difference
09-13-13	Kindergarten	324.5	324.0	0.5
	1 through 12	6,196.0	6,197.0	(1.0)
02-03-14	Kindergarten	312.5	312.5	-
	1 through 12	6,096.0	6,094.0	2.0

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed was accurate. For the count dates noted, school principals did not sign a statement detailing the names and location of the records used. The summary count sheet for the count dates noted was printed and signed by principals.

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)

ANDERSON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-15-6-3(f), concerning destruction of public records, 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.) 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)

HONORS AND CORE 40 WITH TECHNICAL DIPLOMA - INCORRECT REPORTING TO THE STATE

The information presented for audit indicated the number of Honors and Core 40 with Technical diplomas reported to the state was incorrect for the school year ending June 30, 2014.

The difference between the count reported and the verified figures are shown below:

<u>School Year</u>	<u>Diploma</u>	<u>Count as Reported to the State</u>	<u>Actual Diplomas Awarded</u>	<u>Over (Under) Difference</u>
2013-2014	Honors	89	88	1
	Core 40 with Technical	-	1	(1)

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)

OFFICIAL BOND - EXTRA-CURRICULAR ACCOUNT TREASURERS

The School Corporation's Extra-Curricular Account Treasurers did not obtain individual bonds or a Blanket Position Surety Bond as required. Instead, the School Corporation covered the Extra-Curricular Account Treasurers through the School Corporation insurance policy.

ANDERSON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 20-41-1-6 states:

- "(a) The treasurer shall give a bond in an amount fixed by the superintendent and principal of the school approximating the total amount of the anticipated funds that will come into the possession of the treasurer at any one (1) time during the regular school year. Bonds shall be filed with the trustee or board of school trustees. The surety on the bonds must be a surety company authorized to do business in Indiana. However, the requirement for giving the bond and the requirement to deposit the receipts in a separate bank account, as required in section 9 of this chapter, do not apply to any school for which the funds, as estimated by the principal, will not exceed three hundred dollars (\$300) during a school year.
- (b) The requirements of this chapter may be fulfilled by providing a comprehensive bonding instrument, including a single blanket position bond, for all extracurricular treasurers. A comprehensive bonding instrument is acceptable instead of individual separate personal position bonds."

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.

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)

TEXTBOOK RENTAL FEES

During the audit, we noted that the School Corporation charged textbook rental fees that were set at 25 percent of the cost of each textbook for a period of greater than four years. After four years, the maximum amount that may be charged is 15 percent of the cost of the textbook.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

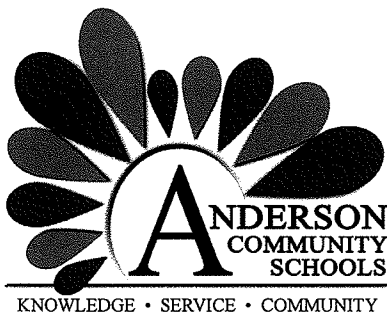
Indiana Code 20-26-12-2 states in part:

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

ANDERSON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

(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."



Kevin J. Brown
Chief Financial Officer
kbrown@acsc.net

1600 Hillcrest Avenue • Anderson, Indiana 46011 • 765.641.2010 • FAX 765.641.2081

May 18, 2015

Paul Joyce, CPA, State Examiner
Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204-2765

Re: Response to Audit Report
For the period ended
June 30, 2014

Dear Mr. Joyce:

This letter is in response to the "Audit Results and Comments" discussion draft discussed in the exit conference on May 7, 2015 of the Anderson Community School Corporation for the audit period ended June 30, 2014.

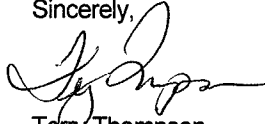
With regard to the Audit Results and Comments affecting the School Corporation as a whole, the following is submitted:

1. **ANNUAL REPORT:** The annual report for the 2013 fiscal year was in fact timely loaded into Gateway, however the "Submit" button was not pushed and therefore was not officially filed as of the due date. As we have become more familiar with the use of Gateway, this situation should not reoccur in the future.
2. **NON-TEACHING CERTIFIED STAFF CONTRACTS NOT POSTED TO SCHOOL WEBSITE:** This function is performed by our Human Resources office. They have been instructed to ensure timely postings as required.
3. **AVERAGE DAILY MEMBERSHIP (ADM) – INCORRECT REPORTING TO THE STATE:** Processes for compilation and verification of gathering information for preparation of the DOE Report have been revisited pursuant to discussion in the audit closing conference. Steps will be taken to assure verification and accurate information is acquired to support the ADM report.
4. **HONORS AND CORE 40 WITH TECHNICAL DIPLOMA – INCORRECT REPORTING TO THE STATE:** Please see response to interrogatory number 3 listed above.
5. **OFFICIAL BOND- EXTRA-CURRICULAR ACCOUNT TREASURERS:** The Anderson Community School Corporation retains an insurance policy that provides coverage identical to that required by Indiana Code. The Anderson Community School Corporation has found that securing a bond for the exact same coverage is redundant and an unnecessary cost to the taxpayers. The current procedure employed will be reviewed for any changes that the Anderson Community School Corporation deems appropriate in keeping with the spirit of the statute.
6. **ACCOUNTING FOR PREPAID LUNCH RECEIPTS:** Concerns cited in the audit with our carry over system regarding prepaid lunch receipts have been corrected with the installation of the electronic point of sale. Although our previous procedure was monitored with a check and balance system that recorded all transactions, it did lack the efficiency and accountability of our new electronic system. Reports run on a daily basis monitor all revenue and track student money in a more identifiable manner. Carry over money will no longer be considered as revenue.

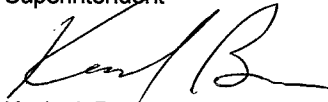
7. **TEXTBOOK RENTAL FEES:** The concerns expressed in the comments were identified and corrected at the beginning of the 2014-15 school year. Close attention will be given in the future to all requirements surrounding textbook rental fees.

Thank you for the opportunity to respond to this audit report.

Sincerely,



Terry Thompson
Superintendent



Kevin J. Brown
Business Manager and Treasurer

TT/KJB/at
cc: Executive Cabinet

ANDERSON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2015, with Kevin J. Brown, Treasurer; Terry L. Thompson, Superintendent of Schools; and Jean L. Chaille, Vice President of the School Board.