

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA
July 1, 2012 to June 30, 2014



FILED
09/25/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie D. Wake	07-01-12 to 06-30-16
Superintendent of Schools	Bryan Rausch	07-01-12 to 06-30-16
President of the School Board	Keith Davis	07-01-12 to 06-30-16



STATE OF INDIANA
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TO: THE OFFICIALS OF THE LIBERTY-PERRY COMMUNITY
SCHOOL CORPORATION, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Liberty-Perry 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

July 22, 2015

LIBERTY-PERRY 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 Treasurer prepared and submitted the SEFA through the Gateway system. However, there was no additional oversight of the SEFA information. 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 the following errors: (a) total federal expenditures were incorrectly reported due to several federal grants being omitted from the SEFA, including the Child Nutrition Cluster and the Funds of the Improvement of Education, and several posting errors; (b) information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards. 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.
- (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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (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.
- (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 - INTERNAL CONTROL OVER DISBURSEMENTS

We noted several deficiencies in the internal control system of the School Corporation related to payroll transactions. We believe the following deficiencies constitute material weaknesses:

Lack of Segregation of Duties:

The School Corporation has not separated incompatible activities related to payroll. There were no controls in place to ensure the accuracy of hourly payroll time records. The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in payroll transactions.

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 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

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 Allowable Costs/Cost Principles compliance requirements. The failure to establish an effective internal

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 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.

During the audit, we noted that 5 of the 53 claims examined did not have the proper documentation included. Without the proper documentation we were unable to verify if these claims were allowable. The total amount of the 5 claims without proper documentation was \$1,045. We consider this amount to be questioned costs.

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

"Factors affecting allowability of costs: To be allowable under Federal awards, costs must meet the following general criteria: . . .

j. Be adequately documented."

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

***FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - VERIFICATION
OF FREE AND REDUCED PRICE APPLICATIONS***

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food
Service Program for Children

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

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: Special Tests and Provisions - Verifications of Free and Reduced Price Applications.

For the Fiscal Year 2014 the Elementary Principal reviewed the verifications performed by the Food Service Director before being submitted to the state. This review did not detect that two of the free and reduced applications which were verified by using the net income instead of the gross income. This led to ineligible children getting benefits from a free or reduced lunch through the Child Nutrition Cluster Grant.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with the Grant Agreement and the special tests and provisions - verifications of free and reduced price applications compliance 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 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.

Eligibility Manual for School Meals, Part 4, Income Eligibility, Section C, Determining Household Reportable Income states in part:

"Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by statute. Gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. "

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

FINDING 2014-005 - ACTIVITIES ALLOWED OR UNALLOWED, CASH MANAGEMENT, REPORTING, AND SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

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, Eligibility, Reporting, and Special Tests and Provisions. The failure to establish an effective internal control

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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.

Activities Allowed or Unallowed

Activities Allowed or Unallowed internal control for payroll were not adequate. The payroll secretary is the sole person who prepares payroll. There is no review of the payrolls to determine if the individuals paid from the Child Nutrition Cluster grant are allowable. With no review of the individual payroll postings, unallowable payroll costs could be posted as an expense and go undetected.

Cash Management

There are no internal controls over Cash Management since there is no review being done to verify that the cash balance does not exceed 3 months of average expenditures.

Reporting

The Reporting compliance requirement has no controls in place. The Food Service Director is the sole person who prepares and submits the reimbursement claim and the verification summary to the Indiana Department of Education. The Cafe Manager is the sole person who prepares and submits the Annual Financial Report to the Indiana Department of Education.

Special Tests and Provisions

Special Tests and Provisions for paid lunch equity have no controls in place. The Food Service Director is the sole person involved in the calculation of the paid lunch equity amounts, which determine if the lunch prices for the next fiscal year need to be adjusted.

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. 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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2014-006 - ELIGIBILITY

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

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: Eligibility. The Food Service Director is the sole person involved in determining whether or not a student is eligible for free or reduced lunch.

The School Corporation notifies the families who applied for assistance with school lunch of their status, however, they were unable to provide evidence that the families were notified of their free, reduced, or denied eligibility status for the fiscal year 2012-2013. The failure to provide the documentation resulted in the School Corporation being in noncompliance with the grant agreement and the eligibility compliance requirement.

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.

Eligibility Manual for School Meals, Part 3, Processing Applications, Section J, Notification of Eligibility Determination states:

"Households must be notified of their eligibility status. Households with children who are approved for free or reduced price meal benefits may be notified in writing or verbally.

Households with children who are denied benefits must be provided with written notification of the denial. LEAs that use an automated telephone information system must also give written notification of denial. The notification must advise the household of:

- Reason for denial of benefits;
- Right to appeal;
- Instructions on how to appeal; and
- Their ability to re-apply for free and reduced price benefits at any time during the school year."

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.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 2014-007 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, and 10.559

Federal Award Number and Year (or Other Identifying Number): FY 2012-2013 and FY 2013-2014

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 Procurement and Suspension and Debarment 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. An internal control system 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.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required Procurement, or Suspension and Debarment procedures were applied to all applicable purchases. Proper procurement procedures were not employed when purchasing bread and milk/dairy products. No bids were sought for bread and milk contracts awarded. In addition, there was no evidence that officials verified compliance with Suspension and Debarment requirements for bread and milk/dairy vendors.

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 3016.35 states:

"Grantees and sub-grantees must not make any award or permit any award (sub-grant 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."

7 CFR 3016.36 states in part:

"(b) *Procurement standards:*

- (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

Indiana Code 5-22-7-2 states:

- "(a) A purchasing agent shall issue an invitation for bids.
- (b) An invitation for bids must include the following:
- (1) A purchase description.
 - (2) All contractual terms and conditions that apply to the purchase.
 - (3) A statement of the evaluation criteria that will be used, including any of the following:
 - (A) Inspection.
 - (B) Testing.
 - (C) Quality.
 - (D) Workmanship.
 - (E) Delivery.
 - (F) Suitability for a particular purpose.
 - (G) The requirement imposed under IC 5-22-3-5.
 - (4) The time and place for opening the bids.
 - (5) A statement concerning whether the bid must be accompanied by a certified check or other evidence of financial responsibility that may be imposed in accordance with rules or policies of the governmental body.
 - (6) A statement concerning the conditions under which a bid may be canceled or rejected in whole or in part as specified under IC 5-22-18-2."

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 officials establish and implement effective internal controls over Procurement and Suspension and Debarment requirements of the program.

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

***FINDING 2014-008 - ACTIVITIES ALLOWED OR UNALLOWED
AND ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: U.S. Department of Education

Federal Program: Fund for the Improvement of Education

CFDA Number: 84.215

Federal Award Number and Year (or Other Identifying Number): Q215F120034, Q215F120034-12A,
Q215F120034-13

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 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.

Activities Allowed or Unallowed and Allowable Costs internal controls for payroll were not adequate. There is no review of individuals paid from the Funds for the Improvement of Education fund. Without a review of the individual payroll postings, unallowable payroll costs could be posted as an expense and go undetected.

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. 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 and follow state statute in regards to obtaining bids.



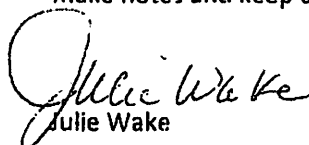
Corrective Action Plan

Finding 2014-001

Julie Wake

765-282-5615

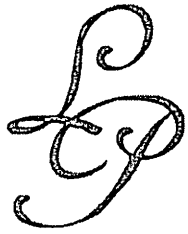
I will in the future make sure that I have included all the federal grants when entering the information into Gateway for SEFA. I will also make sure that I have all the other information included (grantor agency, program title, pass through entity, CFDA numbers, pass through identifying numbers). I will make notes and keep copies of any transfers or adjustments made to the grants.



Julie Wake

Treasurer

July 22, 2015



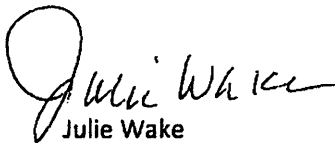
LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Finding 2014-002

Julie Wake

765-282-5615

In the future we will be having our principal approve the time cards for his building. We also will have the Cafeteria Director approve the payroll that is paid from that fund and we will have the person in charge of the grants approve the payroll paid from the grants.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Finding 2014-003

Julie Wake

765-282-5615

I have talked with the Cafeteria Director about claims. I have told her that I will not pay anymore claims without detailed receipts for the items purchased. I also will not pay for anymore items purchased without correct documents to pay from. If she does want to purchase items from an auction she must first have permission from Mr. Rausch.



Julie Wake

Treasurer

July 22, 2015



Corrective Action Plan

Findings 2014-004

Julie Wake

765-282-5615

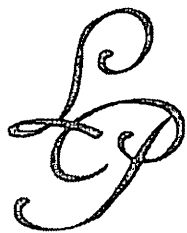
For the free and reduced verifications we will be having them verified at the Corporation office by Cindy Perry. She did all the free and reduced at Monroe Central for several years. She understands what is required on the forms so she will be able to assist the Cafeteria Director on these. She will check to make sure the correct figures for the income of the households are used on the applications and that all the information used is correct.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Findings 2014-005

Julie Wake

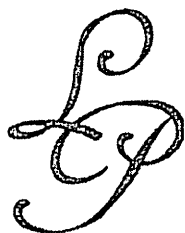
765-282-5615

We will be involving Cindy Perry more into the cafeteria internal controls. She will prepare a payroll report every month for the Cafeteria Director. The director can then verify that just cafeteria workers were paid from the fund. We will also verify that we are not carrying more than a 3 month average of expenditures in our Cafeteria fund by documenting that we have checked it at the end of each year. Cindy will also assist the Cafeteria Director with the reimbursement claims, verifications and the annual financial reports. She will also see to it that the correct information is presented to the board so that they can make a decision as to adjusting lunch prices for the corporation.

Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION


Corrective Action Plan

Findings 2014-006

Julie Wake

765-282-5615

We will make sure that we keep copies of the letters sent to families who apply for help with school lunch. We hired a new cafeteria director and I believe the letters are in the corporation somewhere but in the change they were misplaced but the cafeteria director will make sure they are available in the future.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Findings 2014-007

Julie Wake

765-282-5615

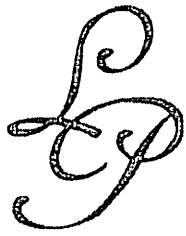
Mr. Rausch talked to the Cafeteria Director about verifying milk and bread vendors. She must verify each vendor to make sure that they are not suspended or debarred before she presents the milk and bread bids to the board for approval each year. She will also make sure to have the milk and bread contracts approved by the board each year.



Julie Wake

Treasurer

July 22, 2015



LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION

Corrective Action Plan

Findings 2014-008

Julie Wake

765-282-5615

The PEP grant is ending but we will go back and run a history report to make sure that Suzanne Crouch was the only employee paid from that grant.



Julie Wake

Treasurer

July 22, 2015

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - CERTIFICATION

The detailed student records maintained for the elementary school to support the Average Daily Membership for the fiscal year 2014 was not properly certified by the building level official (Principal).

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)

ANNUAL FINANCIAL REPORT

The Annual Financial Report for fiscal year 2014, due August 24, 2014, was not filed electronically until October 9, 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."

RECONCILEMENT OF THE PREPAID FOOD FUND

The School Corporation maintains a prepaid food fund, accounted for within the Agency Fund shown on the financial statement. The subsidiary records, which maintain a balance by student, were not routinely reconciled to the cash balance of the prepaid food fund at the end of each month. As a result, numerous errors went undetected leaving a difference of \$1,734 between the subsidiary records and the prepaid food fund at June 30, 2014.

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)

LIBERTY-PERRY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2015, with Keith Davis, President of the School Board; Julie D. Wake, Treasurer; and Bryan Rausch, Superintendent of Schools.