

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

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



**FILED**  
11/20/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary M. Walton Sandra LaMar	07-01-12 to 05-31-14 06-01-14 to 06-30-16
Superintendent of Schools	Larry Weitkamp Dr. Joan L. Keller	07-01-12 to 06-30-14 07-01-14 to 06-30-16
President of the School Board	Timothy Bradley Scott Hall Nancy Summers	07-01-12 to 06-30-13 07-01-13 to 06-30-14 07-01-14 to 06-30-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LOOGOOTEE COMMUNITY  
SCHOOL CORPORATION, MARTIN COUNTY, INDIANA

This report is supplemental to our audit report of the Loogootee 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/](http://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, incorporated within this report, was not verified for accuracy.

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

October 6, 2015

LOOGOOTEE 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 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 controls in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: (1) nine federal grants were not reported; (2) pass-through entities were incorrect for six grants; (3) program names were incorrect for four grants; and (4) the SEFA was underreported by \$539,942.

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.
- (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.

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (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 CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

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

**Lack of Segregation of Duties:** The School Corporation has not separated incompatible activities related to Cash and Investments, Receipts, and Disbursements for Payroll. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

**Cash and Investments and Receipts:** The Treasurer prepares receipts, prepares bank deposits and delivers them to the bank, posts receipts to the ledger, receives the bank statement, and reconciles the bank statement to the ledger. The Treasurer does all the investing for the School Corporation.

**Disbursements for Payroll:** The Deputy Treasurer is responsible for all activities involved in processing payroll: collecting time sheets, substitution pay sheets, and certified staff leave sheets; posting payroll into the system; and releasing payroll from the bank.

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 CHILD NUTRITION CLUSTER***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and several of the compliance requirements that have a direct and material effect on the programs. This includes the compliance requirement for Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions related to: Verification of Free and Reduced Price Applications (NSLP), School Food Accounts, and Paid Lunch Equity.

*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 maintained in compliance with the Cash Management requirements.

*Eligibility*

Application information is entered into Skyward (food service software) 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 information is correctly entered into the system.

*Program Income*

There was not adequate segregation of duties, such as an oversight, review, or approval process to ensure that program income was properly receipted and recorded into School Lunch fund.

*Reporting*

The Food Service Director prepares the Monthly Sponsor Claim for Reimbursement, Annual Financial Report and Verification Summary and submits them via the Indiana Department of Education's website. There was no segregation of duties, such as an oversight, review, or approval process.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that verification of free and reduced price applications are completed as required. There was no segregation of duties, such as an oversight, review, or approval process.

*Special Tests and Provisions - School Food Accounts*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that all receipts and disbursements are accurately recorded and reported in the School Lunch fund.

*Special Tests and Provisions - Paid Lunch Equity*

The School Corporation has not designed or implemented adequate policies and procedures to ensure compliance with the paid lunch equity requirement.

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.



LOGOOTEER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

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

***FINDING 2014-004 - ELIGIBILITY***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

The School Corporation had deficiencies within its documentation for the determination of the eligibility status of their approved free and reduced price applications. We could not verify the hardcopy applications to the information entered into Skyward; therefore, we examined 71 hardcopy applications and identified the following problems:

1. On seven applications the household members listed did not agree to the total household size used in the eligibility determination.
2. Two applications that were approved free did not have a case number listed and the household/income section of the application was blank. Audit testing could not verify that the correct determination was made.
3. One application was not signed by an adult member of the family, which is not considered complete and should have received paid meals.
4. Four applications indicated zero income and the applications did not identify the applicants as being on any type of assistance program. There was no indication that any further review of eligibility was made.

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

5. The eligibility determination on four applications was not completed. However, all the students listed on these four applications received free meals.
6. The eligibility determination on nine applications was signed by the determining official; however, the application did not indicate whether the person was approved for free meals, reduced price meals, or denied.
7. The eligibility determination on one application indicated that a person was eligible for reduced price meals but received free meals. Another application indicated that a person was denied assistance but received reduced price meals. Documentation was not available to determine if this was due to changes made during the school year or if it was due to an error.
8. One application had a case number provided; however, there was no supporting documentation that indicated validation of an active case number.

The School Corporation did not carry-over the eligibility status from the preceding year for the first 30 operating days or until a new eligibility determination was made. Instead, all students were reset in the School Corporation lunch system to paid prior to the start of the new school year.

7 CFR 245.6(a)(6) states:

*"Household members and social security numbers.* The application must require applicants to provide the names of all household members. In addition, the last four digits of the social security number of the adult household member who signs the application must be provided. If the adult member signing the application does not possess a social security number, the household must so indicate. However, if application is being made for a child(ren) who is a member of a household receiving assistance under the SNAP, or is in a FDPIR or TANF household, the application shall enable the household to provide the appropriate SNAP or TANF case number or FDPIR case number or other FDPIR identifier in lieu of names of all household members, household income information and social security number."

7 CFR 245.6(a)(7) states in part: *"Adult member's signature.* The application must be signed by an adult member of the family . . ."

7 CFR 245.6a(c)(7) states in part:

*"Verification for cause.* In addition to the required verification sample, local educational agencies must verify any questionable application and should, on a case-by-case basis, verify any application for cause such as an application on which a household reports zero income or when the local educational agency is aware of additional income or persons in the household. . . ."

*"Approved Applications.* LEA officials must: Indicate approval date; Indicate the level of benefit for which each child is approved; and Sign or initial the application.

*Denied Applications.* LEA officials must: Indicate the denial date; Indicate the reason for denial; Indicate the date the denial notice was sent; and Sign or initial the application.

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Changes During the School Year. If any change is made after the initial approval for the current school year, such as a transfer to another school within the LEA or if the household voluntarily requests that a change be made, the LEA officials must: Note the change; Write the date of the change on the application; and Implement the change by updating rosters or other methods used at point of sale, if necessary." (Eligibility Manual for School Meals, Page 37)

"The determining official must assure that the Assistance Programs case number or other identifier consistent with the identifiers used in that program in that State are valid. LEA officials need to be familiar with the format of valid case numbers/other identifiers. LEAs should validate case number(s)/other identifier(s) listed on the application by reviewing direct certification data or contacting local assistance program officials.

Validation means a confirmation of an active case number. Applications with invalid case numbers or FDIPIR identifiers must not be approved. However, for any child or household member with a valid case number/other identifier, the LEA must approve all children in the household as eligible for free benefits." (Eligibility Manual for School Meals, Page 33)

7 CFR 245.6(c)(2) states:

*"Use of prior year's eligibility status.* Prior to the processing of applications or the completion of direct certification procedures for the current school year, children from households with approved applications or documentation of direct certification on file from the preceding year shall be offered reimbursable free and reduced price meals or free milk, as appropriate. The local educational agency must extend eligibility to newly enrolled children when other children in their household (as defined in § 245.2) were approved for benefits the previous year. However, applications and documentation of direct certification from the preceding year shall be used only to determine eligibility for the first 30 operating days following the first operating day at the beginning of the school year, or until a new eligibility determination is made in the current school year, whichever comes first."

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 officials properly complete and document the eligibility determination of student eligibility status and maintain adequate, auditable files.

***FINDING 2014-005 - REPORTING***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

The Annual Financial Reports filed by the School Corporation for the fiscal years ending June 30, 2013 and 2014, contained reporting errors and were not supported by the School Corporation's financial records.

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc."

Noncompliance of the Reporting requirement to the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation officials ensure that all required reports are prepared on an accurate basis, in accordance with the Reporting requirements, and that reports are supported by source documentation.

***FINDING 2014-006 - SPECIAL TESTS AND PROVISIONS - VERIFICATION  
OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

The Verification Summary for the 2012-2013 Program Year indicated that four applications were verified and the Verification Summary for the 2013-2014 Program Year indicated that six applications were verified by the School Corporation. However, documentation supporting the review process was not available to determine what actions had been taken and which applications were actually verified. Adequate information was not available to verify the number of applications that were on hand in order to determine if the correct number of applications was selected for verification.

7 CFR 245.6a(c) states in part: "Verification requirement - (1) *General.* The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year. . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . ."

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title . . ."

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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 officials maintain records to document compliance related to Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

***FINDING 2014-007 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

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

Pass-Through Entity: Indiana Department of Education

The Indiana Department of Education performed the required weighted average lunch price calculation on behalf of the School Corporation for 2012-2013 and 2013-2014 and the results were emailed to the Food Service Director. The weighted average lunch meal price required to be charged for the 2012-2013 school year to comply with the Paid Lunch Equity requirement was \$2.29 and the actual weighted average amount charged was only \$2.14. The weighted average lunch meal price required to be charged for the 2013-2014 school year to comply with the Paid Lunch Equity requirement was \$2.40 and the actual weighted average amount charged was only \$2.12.

The School Corporation lunch prices were not increased in the 2012-2013 or 2013-2014 school years as required to meet the Paid Lunch Equity requirement. The School Corporation is required to adjust School Corporation lunch prices to the weighted average lunch meal price to a maximum increase of ten cents from the prior year.

7 CFR 210.14(e) states in part:

*"Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph. . . .

(3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumer Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the Federal Register announcing the national average payment rates, from the prior year.

(4) *Price Adjustments.*

(i) *Maximum required price increase.* The maximum annual average price increase required under this paragraph shall not exceed ten cents.

LOGOOTEER COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (ii) *Rounding of paid lunch prices.* Any school food authority may round the adjusted price of the paid lunches down to the nearest five cents. . . ."

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 officials comply with the Special Tests and Provisions - Paid Lunch Equity compliance requirements. Calculations of paid lunch equity should be performed yearly and compared to actual lunch prices charged with the lunch price adjusted accordingly.

# Loogootee Community School Corporation

P.O. Box 282  
Loogootee, IN 47553

BOARD OF SCHOOL TRUSTEES  
MR. TIM BRADLEY  
MR. BRENT COURTER  
MR. SCOTT HALL  
MRS. NANCY SUMMERS  
MR. CHAD WADE

Phone (812) 295-2595  
FAX (812) 295-5595

SUPERINTENDENT OF SCHOOLS  
DR. JOAN KELLER  
CORPORATION TREASURER  
MRS. SANDRA LaMAR  
ADM. SEC./DEP. TREASURER  
MRS. BRENDA MATHIES

## CORRECTIVE ACTION PLAN

FINDING 2014-001

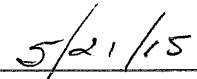
Contact Person Responsible for Corrective Action: Sandra LaMar, Treasurer  
Contact Phone Number: (812) 295-2595

Description of Corrective Action Plan:

At the time of reporting the Federal Awards in 2014, the Treasurer was new and not familiar with the reporting on Gateway. The Treasurer will be keeping a folder of all Federal Awards and try to become more familiar with the process of reporting and terminology.

Anticipated Completion Date: Immediately

  
Sandra LaMar, Treasurer

  
Date

# Loogootee Community School Corporation

P.O. Box 282  
Loogootee, IN 47553

## BOARD OF SCHOOL TRUSTEES

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## SUPERINTENDENT OF SCHOOLS

DR. JOAN KELLER  
CORPORATION TREASURER  
MRS. SANDRA LaMAR  
ADM. SEC./DEP. TREASURER  
MRS. BRENDA MATHIES

## CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Sandra L. LaMar, Treasurer  
Contact Phone Number: (812) 295-2595

### Description of Corrective Action Plan:

Treasurer, Sandra LaMar and Deputy Treasurer, Brenda Mathies will work together to divide responsibilities of receipting in money, investing for the corporation and disbursing of payroll. This will help with our internal controls.

Anticipated Completion Date: Immediately

Sandra LaMar  
Sandra LaMar, Treasurer

5/27/15  
Date

Brenda Mathies  
Brenda Mathies, Deputy Treasurer

5/27/15  
Date



# Loogootee Community School Corporation

P.O. Box 282  
Loogootee, IN 47553

## BOARD OF SCHOOL TRUSTEES

MR. TIM BRADLEY  
MR. BRENT COURTER  
MR. SCOTT HALL  
MRS. NANCY SUMMERS  
MR. CHAD WADE

Phone (812) 295-2595  
FAX (812) 295-5595

## SUPERINTENDENT OF SCHOOLS

DR. JOAN KELLER  
CORPORATION TREASURER  
MRS. SANDRA LaMAR  
ADM. SEC./DEP. TREASURER  
MRS. BRENDA MATHIES

## CORRECTIVE ACTION PLAN

### FINDING 2014-003

Contact Person Responsible for Corrective Action: Patti Sander, Food Service Director  
Contact Phone Number: (812) 295-2595 Ext. 488

#### Description of Corrective Action Plan:

We will correct our internal controls related to the financial transactions and reporting for the Child Nutrition Cluster Programs. Food Service Director, Patti Sander will work with the Deputy Treasurer, Brenda Mathies to insure that internal review and checks are in place.

### FINDING 2014-004

Contact Person Responsible for Corrective Action: Patti Sander, Food Service Director  
Contact Phone Number: (812) 295-2595 Ext. 488

#### Description of Corrective Action Plan:

Patti Sander, Food Service Director, will receive information from the applicants and help them with the application process. Deputy Treasurer, Brenda Mathies, in the Central Office has been assigned to review all applications and determine if more information is needed.

### FINDING 2014-005

Contact Person Responsible for Corrective Action: Patti Sander, Food Service Director  
Contact Phone Number: (812) 295-2595 Ext. 488

#### Description of Corrective Action Plan:

Patti Sander, Food Service Director, will implement better reporting procedures with the help of the Central Office.

**FINDING 2014-006**

Contact Person Responsible for Corrective Action: Patti Sander, Food Service Director  
Contact Phone Number: (812) 295-2595 Ext. 488

Description of Corrective Action Plan:

The Food Service Director and Deputy Treasurer will work together to review and verify applications that were selected for verification. The record keeping process will be reviewed.

**FINDING 2014-007**

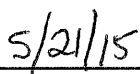
Contact Person Responsible for Corrective Action: Patti Sander, Food Service Director  
Contact Phone Number: (812) 295-2595 Ext. 488

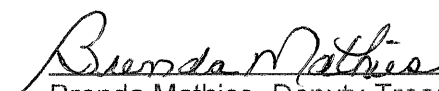
Description of Corrective Action Plan:

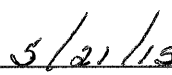
Superintendent, Dr. Keller and Patti Sander, Food Service Director will adjust the lunch prices as per the Paid Lunch Equity requirement.

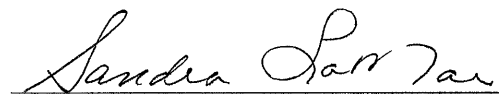
Anticipated Completion Date: July 1, 2015 (For the 2015-2016 School Year)

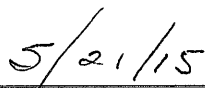
  
Patti Sander, Food Service Director

  
Date

  
Brenda Mathies, Deputy Treasurer

  
Date

  
Sandra LaMar, Treasurer

  
Date

LOGOOTEETEE COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**ERRORS ON CLAIMS**

During our claims review, 19 percent of claims tested did not have adequate supporting documentation. As a result, we were unable to verify that the corresponding \$266 of expenditures were allowable School Corporation expenditures.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

**COLLECTIVE BARGAINING AGREEMENT**

The collective bargaining agreement, entered into on September 30, 2014, contained the following items prohibited by Indiana Code 20-29-6-4.5(b):

1. Unpaid leave - Appendix B Section F7 - addressed health leave without pay up to a maximum of one year.
2. Reimbursements - Appendix B Section K - addressed reimbursement for authorized travel at the government (IRS) rate.

Indiana Code 20-29-6-4.5 states in part:

"(a) For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following: . . .

- (5) Any subject not expressly listed in section 4 of this chapter.

(b) A subject set forth in subsection (a) that may not be bargained collectively may not be included in an agreement entered into under this article."

LOGOOTEET COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 20-29-6-4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1.5, but do not include the teacher evaluation procedures and criteria, or any components of the teacher evaluation plan, rubric, or tool."

***PENALTIES, INTEREST, AND OTHER CHARGES***

The School Corporation paid penalties, interest, and other charges to Visa in the amount of \$76 because the designated employee did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***PREPAID FOOD ACCOUNT***

The School Corporation accounted for the prepaid food activity within the School Lunch fund (800). A separate clearing account for the prepaid food account activity was not established as prescribed.

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)

LOGOOTEER COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS***

The School Board did not establish a bad debt policy concerning student school lunch account balances. As of June 30, 2014, 474 students had negative balances in their individual school lunch accounts that totaled \$3,667.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***DEPOSITS***

Receipts collected for School Lunch transactions were not always deposited timely and information was not maintained to be able to verify if funds were deposited in the same form in which they were received.

Indiana Code 5-13-6-1 requires all public funds shall be deposited not later than the business day following the receipt of funds on business days of the depository.

The statute also provides public funds deposited shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 14)

LOOGOOTEE COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2015, with Dr. Joan L. Keller, Superintendent of Schools; Nancy Summers, President of the School Board; Sandra LaMar, Treasurer; Patti L. Sander, Food Service Director; and Mary M. Walton, former Treasurer.

The contents of this report were discussed on October 6, 2015, with Dr. Joan L. Keller, Superintendent of Schools; Nancy Summers, President of the School Board; and Sandra Lamar, Treasurer.