B46278

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MUNCIE COMMUNITY SCHOOLS

DELAWARE COUNTY, INDIANA

July 1, 2013 to June 30, 2015

FILED
05/06/2016

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Mark Burkhart	07-01-13 to 06-30-14
	Chip Mehaffey	07-01-14 to 12-31-14
	Cheri Scott (Interim)	01-01-15 to 05-31-15
	Deborah A. Williams, CPA	06-01-15 to 06-30-16
Superintendent of Schools	Tim Heller	07-01-13 to 06-30-15
	Dr. Steven Baule	07-01-15 to 06-30-16
President of the School Board	Beverly Kelley	07-01-13 to 12-31-13
	Anthony Costello	01-01-14 to 12-31-14
	Robert A. Warrner	01-01-15 to 12-31-15
	Michael Long	01-01-16 to 12-31-16

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF MUNCIE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of Muncie Community Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. 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

March 1, 2016

FINDING 2015-001 - 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). There was no review of the information that was entered into Gateway for preparation of the 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 the following errors:

Commodities for the National School Lunch Program were reported incorrectly; amounts received on behalf of other members of the special education co-operative were incorrectly included on the SEFA; the state match for Adult Education Basic Grants to States was incorrectly reported as federal and a duplicate payment for the Career and Technical Education - Basic Grants to States was incorrectly reported on 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.

(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.

(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 2015-002 - SPECIAL TESTS AND PROVISIONS - GRADUATION (COHORT) RATE

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 14-1970, ESEA Title I Part D Subpart 2, FY 2012-13,
FY 2014 Title I 1003 (a) SIG, FY 2015, FY 13-14, FY 12-13
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system to ensure compliance with the Special Tests and Provisions - Graduation (Cohort) rate compliance 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.

When a student was removed from the graduation rate cohort (due to a transfer out, emigrating to another country, death, etc.), the removal was performed at the building level. The School Corporation did not have internal controls in place to ensure that written documentation was retained to confirm that a student should be removed from the cohort.

An internal control system, including segregation of duties, should be designed and operated 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.

For the 2013 and 2014 graduating classes, the School Corporation's records indicated that three hundred thirty-eight students had withdrawn during the 2012-2013 and 2013-2014 school years. Forty of these students were tested to the Indiana Department of Education (IDOE) Graduation Cohort Status Report. Four students (10 percent) were removed without the proper supporting written documentation.

34 CFR 200.19(b) states in part:

"High schools—(1) Graduation rate. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a "four-year adjusted cohort graduation rate," defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . .

(ii) The term "adjusted cohort" means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term "students who transfer into the cohort" means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

(2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

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 to ensure compliance and comply with the Special Tests and Provisions - Graduation (Cohort) Rate requirements of the program.

FINDING 2015-003 - REPORTING

Federal Agency: Department of Education
Federal Program: Special Education Cluster
CFDA Number: 84.027, 84.173
Federal Award Number and Year (or Other Identifying Number): 14213-010-PN01, 14214-010-PN01, 14215-010-PN01, 99914-10-TA01, A58-3-13DL-1410, 45713-010-PN01, 45714-010-PN01, 45715-010-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: reporting.

The final reports for the regular Special Education Grant and the Preschool Special Education Grant were prepared and approved by the same person. There was no review of the Final Expenditure Reports before they were submitted to IDOE. This could lead to errors in reporting.

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-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 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 2015-004 - SPECIAL TESTS & PROVISIONS - NEEDS ASSESSMENT

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grant
CFDA Number: 84.367
Federal Award Number and Year (or Other Identifying Number): 12-1970, 13-1970, 14-1970
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system to ensure compliance with the Special Tests and Provisions - Needs Assessment compliance requirement. There were no controls in place to ensure that Needs Assessments were prepared and retained for audit and such assessment was not retained for audit. 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-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."

To be eligible to receive a subgrant of Title II, Part A funds, an LEA must conduct an assessment of local needs for professional development and hiring, as identified by the LEA and school staff. The needs assessment must be conducted with the involvement of teachers, including teachers who work in Title I, Part A. No assessment of local needs prepared by the previous Title II Director was presented for audit.

20 U.S. Code 6622 (c) states:

Needs Assessment:

(1) In General

To be eligible to receive a subgrant under this subpart, a local educational agency shall conduct an assessment of local needs for professional development and hiring, as identified by the local educational agency and school staff.

(2) Requirements

Such needs assessment shall be conducted with the involvement of teachers, including teachers participating in programs under part A of subchapter I of this chapter, and shall take into account the activities that need to be conducted in order to give teachers the means, including subject matter knowledge and teaching skills, and to give principals the instructional leadership skills to help teachers, to provide students with the opportunity to meet challenging State and local student academic achievement standards.

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 to ensure compliance and comply with the Special Tests and Provisions - Needs Assessment requirements of the program.

FINDING 2015-005 - ALLOWABLE COSTS/COST PRINCIPLES

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): 14-1970, ESEA Title I Part D Subpart 2, FY 2012-13, FY 2014 Title I 1003 (a) SIG, FY 2015, FY 13-14, FY 12-13
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: 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.

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.

The School Corporation failed to obtain the necessary signatures for four of the employees relating to time and effort certifications. Time and effort logs should be maintained to help ensure that payments were properly allocated between federal and non-federal funds as required.

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."

OMB Circular A-87, Attachment B, section (8)(h), states in part:

"(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

(4) 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: 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

(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."

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 School Corporation officials establish procedures that relate to the grant agreement and compliance requirements listed above.

MuncieCommunitySchools
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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: DEBORAH A WILLIAMS, CFO/TREASURER
Contact Phone Number: 765-747-5222

Description of Corrective Action Plan: Procedures for the preparation of the SEFA will be documented and internal controls established for proper review and approval of the SEFA before it is submitted.

Anticipated Completion Date: April 1, 2016

Deborah A Williams
(Signature)

CFO/ Treasurer
(Title)

3.1.2016
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: DEBORAH A WILLIAMS, CFO/TREASURER
Contact Phone Number: 765-747-5222

Description of Corrective Action Plan: Procedures for the preparation and retention of the appropriate written documentation to confirm that a student should be removed from the cohort will be established at the School Corporation level.

Anticipated Completion Date: April 1, 2016

Deborah A Williams
(Signature)

CFO/Treasurer
(Title)

3.1.2016
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: DEBORAH A WILLIAMS, CFO/TREASURER
Contact Phone Number: 765-747-5222

Description of Corrective Action Plan: Procedures for the preparation of the regular special education grant and the pre-school special education grant will be documented and internal controls established for proper review and approval by different individuals before the final reports are submitted.

Anticipated Completion Date: April 1, 2016

Deborah A Williams
(Signature)

CFO/Treasurer
(Title)

3.1.2016
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: DEBORAH A WILLIAMS, CFO/TREASURER
Contact Phone Number: 765-747-5222

Description of Corrective Action Plan: Procedures for the preparation and retention of the appropriate written documentation to insure compliance with the Special Tests and Provisions-Needs Assessment compliance requirement will be implemented. Internal control shall be put in place to ensure that needs assessments are prepared and such assessments are retained for future audits.

Anticipated Completion Date: April 1, 2016

Deborah A Williams
(Signature)

CFO/Treasurer
(Title)

3.1.2016
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: DEBORAH A WILLIAMS, CFO/TREASURER
Contact Phone Number: 765-747-5222

Description of Corrective Action Plan: Procedures for the preparation and retention of the appropriate written documentation to insure compliance with the Allowable Costs/Cost Principles will be implemented. Internal control shall be put in place to ensure that procedures that relate to the grant agreement and compliance requirements are followed.

Anticipated Completion Date: April 1, 2016

Deborah A Williams
(Signature)

CFO/Treasurer
(Title)

3.1.2016
(Date)

PREPAID LUNCH ACCOUNT

Prepaid lunch receipts were not placed in Fund 8400 Prepaid Food, 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 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 Bulletin and Uniform Compliance Guidelines, September 2008)

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

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

For the September 2014 count, the designated building level personnel for Southview Elementary, Grissom Elementary, East Washington Elementary, Southside Middle, School, Northside Middle School, and Central High School did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed was accurate.

Indiana Code 5-15-6-3(f) during the audit period, stated 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)

OVERDRAWN CASH BALANCES

The financial statements presented in the Financial Statement and Federal Single Audit Report of the School Corporation included the following funds with overdrawn cash balances at June 30, 2014 and June 30, 2015:

Fund	Overdrawn 06-30-14	Overdrawn 06-30-15
Retirement/Severance Bond Debt Service	$ 222,216	$ -
2013/14 Delaware-Blackford Special Ed.	6,595,938	-
Joint Services and Supply Special Education Cooperative	-	5,812,260
2013/14 Vocational Cooperative	1,253,855	-
2014/15 Vocational Cooperative	-	1,448,356
2013/2014 Opportunity School	2,575,428	-
2014/15 Opportunity School	-	2,649,125
2013/2014 Priority School	19,042	-
2014/15 Priority School	-	-
Community Fund Longfellow Fitness	1,357	-
Christmas Sing	2,408	2,061

As of June 30, 2015, while the general fund did not have an overdrawn cash balance, the general fund owed the special education cooperative $5,825,483, the vocational cooperative $904,643, the opportunity school $2,739,712 and the priority school $286,000 for a total of $9,755,837. The cash balance of the general fund at June 30, 2015 was $1,267,583. These amounts remain unpaid as of 12-31-15.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Each governmental unit is responsible for complying with the provisions of its contacts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ERRORS ON CREDIT CARD CLAIMS

Of credit card claims test, 33 percent were missing documentation of at least one charge. This error resulted in $152.52 of expenditures which did not have adequate supporting documentation. .

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."

TEXTBOOK RENTAL FEES

Supporting documentation for textbook rental fees was not sufficient to support the amounts charged for some of the textbook rental charges calculated. Of the textbook rental charges tested 3 textbooks were overcharged while charges for other textbooks could not be determined because the original price of the textbooks could not be found.

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 stated in part during the audit period:

"(a) A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body. The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials.

(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.

(c) This section does not limit other laws. "

MUNCIE COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 29, 2016, with Mark Burkhart, former Treasurer, and on March 1, 2016, with Deborah A. Williams, CPA, Treasurer; Dr. Steven Baule, Superintendent of Schools; and Michael Long, President of the School Board.