

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

WHITE RIVER VALLEY SCHOOL DISTRICT

GREENE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
08/04/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2014-001 - Internal Controls over Financial Transactions and Reporting .....	4-5
Finding 2014-002 - Cash Management, Reporting, and Period of Availability .....	5-7
Finding 2014-003 - Level of Effort .....	7-8
Finding 2014-004 - Allowable Costs/Cost Principles and Reporting .....	8-9
Corrective Action Plan.....	10-11
Audit Results and Comments:	
Posting Contracts on School Website .....	12
Average Daily Membership (ADM) - Lack of Records.....	12
Fund Sources and Uses .....	12-13
Compensation and Benefits .....	13
Overdrawn Cash Balance.....	13
Rainy Day Fund Transfers.....	13-14
Payroll Deductions.....	14
Prepaid School Lunch Accounts.....	14
Credit Card Policy.....	14-15
Exit Conference.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jayne A. Kaho	07-01-12 to 06-30-16
Superintendent of Schools	Layton Wall (Vacant) Dr. Jerrill Vandeventer (Interim) Robert M. Hacker	07-01-12 to 01-11-13 01-12-13 to 01-31-13 02-01-13 to 06-30-13 07-01-13 to 06-30-16
President of the School Board	Jason Davidson	07-01-12 to 06-30-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF THE WHITE RIVER VALLEY SCHOOL DISTRICT, GREENE COUNTY, INDIANA

This report is supplemental to our audit report of the White River Valley School District (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 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

April 14, 2016

WHITE RIVER VALLEY SCHOOL DISTRICT  
FEDERAL FINDINGS

***FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to cash and receipts. One person was solely responsible for the preparation of the bank reconciliations and for all aspects of the receipt process, including issuing receipts, depositing the funds, and recording the transactions in the records. There was no segregation of duties, such as an oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should have been in place to reduce the risks of errors in financial reporting.
2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal control had not been conducted. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting require the School Corporation to monitor and assess the quality of the system of internal control.
3. **Preparation of the Schedule of Expenditures of Federal Awards (SEFA):** The School Corporation did not have a proper system of internal control in place to prevent or detect errors on the SEFA. During the audit of the SEFA, there were the following errors: a Readiness and Emergency Management for Schools direct grant awarded by the Department of Education had not been listed for FY2013; the Child Nutrition Cluster funds awarded by the Department of Agriculture had not been listed for FY2014 and commodities had been omitted for both fiscal years; Title I Grants to Local Educational Agencies awards from the Department of Education had not been listed with the accurate amount of the award for FY2014. Audit adjustments of \$935,059 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."

WHITE RIVER VALLEY SCHOOL DISTRICT  
FEDERAL FINDINGS  
(Continued)

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 2014-002 - CASH MANAGEMENT, REPORTING, AND PERIOD OF AVAILABILITY***

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States (IDEA, Part B),  
Special Education - Preschool Grants (IDEA Preschool)

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years: 14211-024-PN01, 14212-024-PN01, 14213-024-PN01,  
14214-024-PN01, 99914-024-PN01, 45712-024-PN01,  
45713-024-PN01, 45714-024-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the Special Education programs and managed the Special Education grant funds.

Management of the Cooperative had not established an effective internal control system, which includes segregation of duties, related to the grant agreement and the Cash Management, Reporting, and Period of Availability compliance requirements that have a direct and material effect on the programs.

WHITE RIVER VALLEY SCHOOL DISTRICT  
FEDERAL FINDINGS  
(Continued)

The failure to establish an effective internal control system placed the Cooperative at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-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. . . ."

Requests for Reimbursement were prepared and filed by the Cooperative's Treasurer. The Cooperative had not designed or implemented adequate policies and procedures to ensure that required reports were accurately prepared, that the expenditures submitted for reimbursement were paid prior to the request, and that all obligations for expenditures made from program funds were incurred and liquidated during the period of availability.

There were the following instances of noncompliance:

The period of availability to obligate the funds for Federal Award Number 14211-024-PN01, was July 1, 2010 through September 30, 2012; the Cooperative had until December 15, 2012, to spend the funds obligated by September 30, 2012.

On September 28, 2012, the Cooperative encumbered \$82,112 for an office renovation project that was going to be paid from the grant. The final reimbursement request for the grant was made by the Cooperative on December 15, 2012, for \$75,724.93, which equaled the remaining unclaimed balance of the grant award amount. Documentation provided by the Cooperative to support the disbursements made for the renovation project and claimed on the reimbursement request totaled \$59,655.64 that was paid November 26, 2012 to March 12, 2013. Of the amount claimed in December 2012 for the grant \$16,069.19 was not supported by actual expenditures and was considered a questioned cost. The portion of the \$16,069.19 considered to be questioned costs allocable to the School Corporation was \$1,904.20.

In addition, of the payments made to support the December reimbursement request, \$57,899.74 was made after December 15, 2012, the cutoff date for the liquidation of obligations for the grant, and was, therefore, made outside the period of availability. The portion of the payments that were allocable to the School Corporation was \$6,861.12.



WHITE RIVER VALLEY SCHOOL DISTRICT  
FEDERAL FINDINGS  
(Continued)

34 CFR 80.21 states in part:

" . . . (b) *Basic standard.* Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205. . . .

(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

31 CFR 205.12(b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

34 CFR 80.23 states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

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 develop and implement procedures and establish controls to monitor the Cooperative.

**FINDING 2014-003 - LEVEL OF EFFORT**

Federal Agency: Department of Education

Federal Programs: Special Education - Grants to States (IDEA, Part B),  
Special Education - Preschool Grants (IDEA Preschool)

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years: 14211-024-PN01, 14212-024-PN01, 14213-024-PN01,  
14214-024-PN01, 99914-024-PN01, 45712-024-PN01,  
45713-024-PN01, 45714-024-PN01

Pass-Through Entity: Indiana Department of Education

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program and managed the Special Education grant funds. The School Corporation was responsible for maintaining level of effort.

Management of the School Corporation had not established an effective internal control system for the Special Education program related to the grant agreement and the Level of Effort compliance requirement. There was no segregation of duties, such as an oversight, review, or approval process to ensure information was submitted and correctly reported.

WHITE RIVER VALLEY SCHOOL DISTRICT  
FEDERAL FINDINGS  
(Continued)

The failure to establish an effective internal control system placed the corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

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 have enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement 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 requirement listed above.

***FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES AND REPORTING***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Number): 12-2980, 13-2980, 14-2980

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had 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 and Reporting.

The School Corporation did not have a system in place to ensure compliance with time and effort reporting. Semi-Annual Certifications for employees that worked solely on the Title I program were not all signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

The Request for Reimbursement reports were prepared by the Treasurer and submitted electronically via the Indiana Department of Education (IDOE) website. The Treasurer also submitted the Final Expenditure Report. There was no segregation of duties, such as an oversight, review, or approval process to ensure information was submitted and correctly reported.

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

WHITE RIVER VALLEY SCHOOL DISTRICT  
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. . . ."

OMB Circular A-87, Attachment B, Section 8(h)(3) states:

"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 first-hand knowledge of the work performed by the employee."

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, to ensure compliance and comply with the Allowable Costs/Cost Principles and Reporting requirements of the program.

# WHITE RIVER VALLEY SCHOOL DISTRICT

## "Home of the Wolverines"

Mr. Robert M. Hacker, Superintendent  
Mrs. Jayne Kaho, Treasurer  
Mrs. Michelle Emmons, Payroll

5644 West State Road 54  
PO Box 1470  
Switz City, Indiana 4746

Board of Education  
Mr. Jason Davidson, President  
Mr. Andy Davis, VP  
Mr. Chris Cornelius, Secretary  
Mr. Joe Decker  
Mr. Brock Hostetter  
Mr. David Reed  
Mr. Roger Shake

### Corrective Action Plan

#### Finding 2014-001

Contact Person Responsible for Corrective Action: Mrs. Jayne Kaho, WRV Treasurer

Contact Phone Number: 812-659-1424

#### Description of Corrective Action Plan:

- 1. Lack of Segregation of Duties:** The corporation treasurer will issue receipts, make deposits, and post transactions. The deputy treasurer will review the receipts, deposits, and transactions listing before the receipts are posted. The superintendent will review and approve the monthly bank reconciliations. The lunchroom supervisor will issue, record, and reconcile receipts and disbursements for the lunchroom accounts. Another lunchroom employee will review the receipts and disbursements. The information will then be taken to the building ECA treasurer who will do the same.
- 2. Monitoring of Controls:** The corporation treasurer and superintendent will develop a system of internal control, including segregation of duties, and monitor it periodically to ensure that employees are following procedures. The plan will be developed and updated to ensure effectiveness. The Board of Education will pass an Internal Control Policy that directs the superintendent to implement the plan.
- 3. Preparation of the Schedule of Expenditures of Federal Awards (SEFA):** The corporation treasurer will meet with the employee directly responsible for the Federal grants of each entity to align a process that will provide checks and balances over the various amounts included in the grant awards and the expenditures that are made within those grants.

#### Anticipated Completion Date:

- 1. Immediately**
- 2. Immediately and throughout the year as operating procedures are completed. Policy Adopted in April and May Board of Education Public Meetings.**
- 3. June 30, 2016**

#### Finding 2014-002

Contact Person Responsible for the Corrective Action: Mrs. Jayne Kaho, WRV Treasurer

Contact Phone Number: 812-659-1424

#### Description of Corrective Action Plan:

- 1. Internal Control over Level of Effort:** The corporation treasurer must go into appropriate detail regarding the keeping of documentation in regards to monetary amounts brought in and expended in regards to any grants

received through the Greene-Sullivan Special Education Cooperative. The superintendent will review the monthly grant reconciliation to ensure proper documentation regarding revenue and expenditures is kept accordingly.

Anticipated Completion Date:

1. Immediately

**Finding 2014-003**

Contact Person Responsible for the Corrective Action: Mrs. Jayne Kaho, WRV Treasurer

Contact Phone Number: 812-659-1424

Description of Corrective Action Plan:

1. Internal Control System Established between School District and Special Education Cooperative: The corporation treasurer and superintendent will develop a system of internal control that establishes a checks and balances over monetary and enrollment numbers ADM amounts that shall include the treasurer of the Greene-Sullivan Special Education Co-operative.

Anticipated Completion Date:

1. Immediately

**Finding 2014-004**

Contact Person Responsible for the Corrective Action: Mrs. Jayne Kaho, WRV Treasurer


Contact Phone Number: 812-659-1424

Description of Corrective Action Plan:

1. Internal Control over Title 1 Grant to Local Education Agencies: The corporation must segregate duties between the corporation treasurer and the Title 1 grant supervisor. The time and effort semi-annual certifications must be signed by both the employees employed by the Title 1 grant and the supervisory official of the grant. Verification of reimbursement must be signed by both the treasurer and the Title 1 Supervisor. The final expenditure report must be reviewed and signed by the Title 1 grant supervisor, the corporation treasurer and the superintendent. The tracking system for reimbursement must be reviewed and signed off on by the Title 1 grant supervisor and the corporation treasurer.

Anticipated Completion Date:

1. Immediately

  
\_\_\_\_\_  
Mrs. Jayne Kaho

Treasurer  
\_\_\_\_\_

Treasurer

04/14/16  
\_\_\_\_\_

Date

WHITE RIVER VALLEY SCHOOL DISTRICT  
AUDIT RESULTS AND COMMENTS

***POSTING CONTRACTS ON SCHOOL WEBSITE***

The School Corporation failed to post the Administrators' contracts on the School Corporation's Internet web site.

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

***AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS***

Average Daily Membership was required to be documented on three days during the audit period. The written certification that the detailed student records maintained to support the ADM claimed was accurate was not provided for one of the three days.

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.) 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)

***FUND SOURCES AND USES***

The School Corporation disbursed \$153,234 in salaries and benefits from the School Lunch fund for partial payment of administrative staff salaries and custodian services during the period of February 1, 2012 through December 31, 2013. These disbursements should have been made from the General fund. The School Corporation subsequently reimbursed \$150,000 from the General fund to the School Lunch fund on December 29, 2014.

Beginning in January 2014, the School Corporation disbursed partial payment of administrative staff salaries and benefits totaling \$36,783.88 from the Transportation fund. These disbursements should have been made from the General fund.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 20-40-6-6 states in part:

"(a) The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees. . . .

WHITE RIVER VALLEY SCHOOL DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

(b) Percentages, or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the fund. . . ."

**COMPENSATION AND BENEFITS**

Compensation and benefits were paid to three employees in excess of the supporting contract or salary. The excess compensation and benefits paid to these employees was \$15,675.

On June 20, 2016, the School Board retroactively amended the contracts of the three employees to reflect the amount paid during the audit period.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**OVERDRAWN CASH BALANCE**

The financial statement presented in the Financial Statement and Federal Single Audit Report for this School Corporation included the following fund with an overdrawn cash balance at June 30, 2013:

<u>Fund</u>	<u>Amount Overdrawn</u>
School Lunch	<u>\$ 138,496</u>

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)

**RAINY DAY FUND TRANSFERS**

Transfers were made from the Rainy Day fund to the following:

Textbook Rental Fund FY 12-13 \$56,000  
School Lunch Fund FY 12-13 \$111,000  
School Lunch Fund FY 13-14 \$225,000

However, the provisions of Indiana Code 36-1-8-5.1(g) do not pertain to School Corporations. Expenditures must be paid directly out of the Rainy Day fund from the School Corporation instead of transferring the money to another fund.

WHITE RIVER VALLEY SCHOOL DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

Indiana Code 36-1-8-5.1(g) states:

"A county, city, or town may at any time, by ordinance or resolution, transfer to:

- (1) its general fund; or
- (2) any other appropriated funds of the county, city, or town; money that has been deposited in the rainy day fund of the county, city, or town."

***PAYROLL DEDUCTIONS***

Payroll deduction withholding account receipts and disbursements were not always recorded in the same fund. Transactions recorded did not properly reflect the activity of the fund.

A similar comment appeared in prior Reports B34457, B38529, and B41783.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

***PREPAID SCHOOL LUNCH ACCOUNTS***

Receipts from students who prepay for food are receipted directly into the School Lunch fund instead of the clearing account established for prepaid food. Subsidiary records by student are not reconciled to the cash balance in the prepaid account.

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)

***CREDIT CARD POLICY***

The School Corporation was using credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:



WHITE RIVER VALLEY SCHOOL DISTRICT  
AUDIT RESULTS AND COMMENTS  
(Continued)

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

WHITE RIVER VALLEY SCHOOL DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2016, with Robert M. Hacker, Superintendent of Schools; Jason Davidson, President of the School Board; and Jayne A. Kaho, Treasurer.