

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTHEASTERN SCHOOL CORPORATION
CASS COUNTY, INDIANA
July 1, 2013 to June 30, 2015



FILED
08/26/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Darlene Martin	07-01-13 to 06-30-16
Superintendent of Schools	Trudie Hedrick	07-01-13 to 06-30-15
	John Sayers (Interim)	07-01-15 to 12-31-15
	Dr. Tim Garland	01-01-16 to 12-31-16
President of the School Board	Gary Akers	01-01-13 to 12-31-13
	Ian D. Jay	01-01-14 to 12-31-14
	Mary Hartley	01-01-15 to 12-31-15
	Ryan Zeck	01-01-16 to 12-31-16



STATE OF INDIANA
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TO: THE OFFICIALS OF THE SOUTHEASTERN SCHOOL CORPORATION, CASS COUNTY, INDIANA

This report is supplemental to our audit report of the Southeastern School Corporation (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

June 28, 2016

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

Several deficiencies were identified in the internal control system of the School Corporation related to financial transactions and reporting. These deficiencies constitute material weaknesses. Control activities should have been selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation had not separated incompatible activities related to receipts and payroll disbursements. One person issued receipts, recorded receipts, and prepared the deposit tickets. Also, one person prepared and processed payroll. Control activities should have been in place to reduce the risks of errors in financial reporting.

Criteria

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)

Cause

Management of the School Corporation had not established a proper system of internal control that would ensure accuracy in financial transactions and reporting.

Effect

The failure to establish controls would have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-002 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The SEFA had the following errors for the 2013-2014 and 2014-2015 school years, respectively:

1. School Breakfast Program expenditures were overstated \$682,108 and \$640,970.

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2. National School Lunch Program expenditures were understated \$262,801 and \$242,093.
3. National School Lunch Program expenditures omitted commodities of \$43,610 and \$44,072.
4. Title I Grants to Local Educational Agencies expenditures were understated \$5,195 and \$731.
5. Improving Teacher Quality State Grants expenditures were understated \$-0- and \$5,631.
6. Several CFDA numbers were omitted or were incorrect.
7. Program titles were not always correct.
8. Program identifying numbers were not always included.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Criteria

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 in part:

"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.

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (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.
...

Cause

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA would have remained undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-003 - CASH MANAGEMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with the Cash Management compliance requirements. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to the average expenditures for three months.

The 2013-2014 school year average cash balance was \$291,771; the average expenditures for three months was \$219,147. The 2014-2015 school year average cash balance was \$213,383; the average expenditures for three months was \$207,527.

Context

The monthly ending balance in the School Lunch fund exceeded the average expenditure for 3 months during 18 of the 24 months of the audit period.

Criteria

7 CFR 220.7(e)(1)(iv) states: "Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency."

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

7 CFR section 210.14(b) states: "*Net cash resources*. The School Food Authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with section 210.19(a)."

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. . . ."

Cause

Management did not develop a system of internal controls that segregated key functions. The School Corporation had not developed or implemented a plan to reduce the cash balances of the School Lunch fund to an amount that did not exceed the average expenditures for three months.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the School Corporation's management comply with the Cash Management requirements of the programs.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-004 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, and Special Tests and Provisions - Verification of Free and Reduced Price Applications.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

There were no controls in place to ensure that vendor and payroll expenditures were for activities or costs that were allowable for the programs.

Eligibility

There were no controls in place to ensure that determinations of eligibility for free and reduced price meals were accurate.

Special Tests and Provisions - Verification of Free and Reduced Price Applications

There were no controls in place to ensure that the verifications of free and reduced price meal applications were performed and were accurate.

Context

The School Corporation had a lack of internal controls throughout the audit period.

Criteria

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. . . ."

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

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 the 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.

Questioned Costs

There were no questioned costs identified.

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-005 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation did not maintain property records that included a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, cost of the property, percentage of Federal participation in the cost of the property, the location, and use and condition of the property.

Context

The School Corporation had a lack of internal controls and had not maintained property records throughout the audit period.

Criteria

7 CFR 3016.32 states in part:

". . . (b) *States.* A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . .

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated. . . ."

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. . . ."

Cause

There were no controls in place to ensure that appropriate property records were maintained.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement over Equipment and Real Property Management.

In addition, we recommended that the School Corporation comply with the Equipment requirements of the programs.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-006 - REPORTING

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the compliance requirement for Reporting.

There were no controls in place to ensure that the required Sponsor Claims (claims for reimbursement) and Annual Financial Reports (AFR) were accurate and complete.

Cash balances in the AFR filed for the 2013-2014 and 2014-2015 school years did not agree with the School Corporation's fund AFR balances for either year.

Context

No controls were identified for the 20 Sponsor Claims (claims for reimbursement) that were filed during the audit period. There was a control in place to ensure that the two AFRs were accurately prepared; however, the control was not effective. As noted in the prior Audit Report B43352, previous AFRs filed also contained errors in the cash balances.

Criteria

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."

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. . . ."

Cause

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with Reporting requirements. There were no controls in place to ensure that accurate financial reports were prepared and submitted.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement for Reporting.

In addition, we recommended that the School Corporation comply with the Reporting requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-007 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other identifying Numbers): FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system, which would have included segregation of duties, was not in place at the School Corporation in order to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity requirements. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the paid Lunch Equity Calculation was performed accurately in accordance with the compliance requirement.

The School Corporation did not properly comply with requirements for calculating meal prices. A "bonus meal" was awarded to individuals based on every \$40 received in prepayment for meals. By offering a "bonus meal" the School Corporation was charging less than the Board approved meal rates.

Context

The lack of properly designed or implemented controls and the noncompliance with the Special Test and Provisions - Paid Lunch Equity requirements applies to both years of the audit period. The "bonus meal" program had been used for numerous months.

Criteria

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.

SOUTHEASTERN SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

(1) *Calculation procedures.* Each school food authority shall:

- (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority. . . ."

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. . . ."

Cause

Management did not develop a system of internal controls that segregated key functions.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

In addition, we recommended that the School Corporation's management comply with the Special Tests and Provisions - Paid Lunch Equity requirements of the program.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



Southeastern SCHOOL CORPORATION

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CORRECTIVE ACTION PLAN

Finding 2015-001

Contact Person Responsible for Corrective Action: Darlene Martin
Contact Phone Number: 574-626-2525

Description of Corrective Action Plan:

Lack of segregation of duties:

1. Separate staff member is now checking the deposit slips which are then copied and attached to the bank receipt. This same person is responsible for bank reconciliation and checks the copies when she does the recon.
2. The treasurer is responsible for the teacher and admin contracts and computing the classified payrolls. The contracts are reviewed by the superintendent. After payroll is entered by the deputy treasurer, the treasurer does the insurance and taxes and checks any discrepancies in the payroll amounts. School Board is now getting copies of the Payroll Distribution Report.

Anticipated Completion Date: June 28, 2016

Finding 2015-002

Contact Person Responsible for Corrective Action: Darlene Martin
Contact Phone Number: 574-626-2525

Description of Corrective Action Plan:

Have made changes to SEFA per instructions by SBOA. The final report will be reviewed for accuracy by the School Lunch Director.

Anticipated Completion Date: June 28, 2016

Finding 2015-003

Contact Person Responsible for Action Plan: Darlene Martin

Contact Phone Number: 574-626-2525

Description of Corrective Action Plan:

School lunch excess funds are no longer an issue. With the new laws pertaining to the meal planning for nutrition by the federal government, better quality foods are purchased at a higher cost.

Anticipated Completion Date: June 28, 2016

Finding 2015-2004

Contact Person Responsible for Corrective Action: Darlene Martin

Contact Phone Number: 574-626-2525

Description of Corrective Action Plan:

1. Food Service Director and heads of each cafeteria will sign off on all payroll and expenses. School board members are given a copy of the Payroll Distribution report each month and the food service director is given month end expenditure reports.
2. For the 2016-2017 school year, all free and reduced forms will be completed by the parents and reviewed by the administrative assistant. The administrative assistant will also verify the required forms returned by the NSLP.

Anticipated Completion Date: June 28, 2016

Finding 2015-005

Contact Person Responsible for Corrective Action: Darlene Martin

Contact Phone Number: 574-626-2525

Description of Corrective Action Plan: Food Service Director is doing a complete inventory of the cafeteria equipment during the summer. The maintenance supervisor and respective principals from each building will review the inventories.

Anticipated Completion Date: June 28, 2016

Finding 2015-006

Contact Person Responsible for Corrective Action: Darlene Martin

Contact Phone Number: 574-626-2525

Description of Corrective Action Plan: The annual financial report will now be approved by the food service director and treasurer before submission.

Anticipated Completion Report: June 28, 2016

Finding 2015-007

Contact Person Responsible for Corrective Action Plan: Darlene Martin

Contact Phone Number: 574-626-2525

Description of Corrective Action Plan: Southeastern is no longer allowing bonus meals.

Anticipated Completion Date: June 28, 2016



Darlene Martin, Treasurer



Dr. Tim Garland, Superintendent



Ryan Zeck, School Board President

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CASH NECESSARY TO BALANCE, BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were performed; however, the reconciliation did not properly balance. The record balance exceeded the reconciled bank balance by \$16,387.93 at June 30, 2015.

A similar comment was made in prior Audit Report B43352.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

ADMINISTRATORS' CONTRACTS

Administrators, other than the Superintendent of Schools, did not have contracts for the 2013-2014 school year.

A similar comment was made in prior Audit Report B43352.

Indiana Code 20-28-8-2 states in part:

"A contract of employment shall be entered into between the governing body of the school corporation and a principal or assistant principal subject to the following conditions:

- (1) The basic contract must be the regular teacher's contract as prescribed by the state superintendent.
- (2) The term of the initial contract must be the equivalent of at least two (2) school years.
- (3) The contract may be altered, modified, or rescinded in favor of a new contract at any time by mutual consent of the governing body of the school corporation and the principal or assistant principal . . ."

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

The designated building level personnel did not provide written certification that the detailed student records maintained to support the Average Daily Membership claimed were accurate.

SOUTHEASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

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)

EDUCATIONAL FEES

The School Corporation collected educational fees as part of the students' curricular material rental fees and remitted these educational fees to the School Corporation Treasurer to record in the School Corporation's records. Written guidance from the School Corporation's Attorney was not provided that determined whether or not the fees violated the Indiana Constitution.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds. . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

PREPAID FOOD ACCOUNT

All monthly receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund; prepayments were not recorded in a Prepaid Food fund.

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)

SOUTHEASTERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2016, with Darlene Martin, Treasurer; Dr. Tim Garland, Superintendent of Schools; and Ryan Zeck, President of the School Board.