

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FRANKLIN COMMUNITY SCHOOLS

JOHNSON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED

10/31/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jeffrey R. Mercer	01-01-12 to 12-31-16
Superintendent of Schools	Dr. David Clendening	07-01-10 to 06-30-19
President of the School Board	Bill Vaught Darren G. Thompson William A. Maschmeyer Bryan D. Wertz	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
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TO: THE OFFICIALS OF THE FRANKLIN COMMUNITY SCHOOLS, JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of the Franklin Community Schools (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

September 13, 2016

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2014-001 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of 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 following compliance requirements: Activities Allowed or Unallowed, Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Application (NSLP), Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity.

The Food Service Director was solely responsible for completing the required reports, claims for reimbursements, determining eligibility, completing the verification process, completing certifications and reports for employee's hours, maintaining the school food account, and calculating meal prices. There was no evidence to suggest proper segregation of duties such as an oversight or approval process.

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 an effective internal control system could have 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.

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

FINDING 2014-002 - ALLOWABLE COSTS - INDIRECT COSTS

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

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 Allowable Costs - Indirect Costs compliance requirement.

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

The Indiana Department of Education (IDOE) prepared the indirect cost allocation plans from the School Corporation's Annual Financial Reports. The IDOE relied upon the School Corporation's use of the approved chart of accounts to properly segregate the various fund account numbers and object codes into the costs that were not to be included in the calculations, the indirect costs, and the direct costs (the base).

School Corporation officials had not established procedures to ensure that the correct object code classifications for recording disbursements were being used. As a result, some disbursements were incorrectly included in the indirect cost allocation calculations. These included disbursements for food purchases, stipends, and unused leave payments.

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 A, Item C, states in part:

- (c) Be authorized or not prohibited under State or local laws or regulations. . . .
- (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. . . ."

OMB Circular A-87, Attachment A, Item F states in part:

"General. Indirect costs are those:

- (a) incurred for a common or joint purpose benefiting more than one cost objective, and
- (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term 'indirect costs,' as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived. . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could have resulted 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 comply with the Allowable Cost - Indirect Costs requirements of the programs.

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2014-003 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Agriculture

Federal Programs: National School Lunch Program, School Breakfast Program,
Summer Food Service Program For Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of 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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not complete Semiannual Certification Activity Reports or Personnel Activity Reports, as applicable, for:

- All Child Nutrition program staff for school years 2012-2013 and 2013-2014;
- Ten of the seventeen employees tested for the Twenty-First Century Community Learning Centers grant.

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 first hand 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:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

- (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 of the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls and procedures, including segregation of duties, related to the grant agreement and comply with the Allowable Costs/Cost Principles requirements of the programs.

FINDING 2014-004 - 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): 2012-2013, 2013-2014
Pass-Through Entity: Indiana Department of Education

Management of 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 Cash Management compliance requirement.

The School Corporation did not have a monitoring procedure in place to limit its food service program net cash resources to the average expenditures for three months. The School Corporation's cash balance exceeded the average expenditures for three months in 10 of the 24 months within the audit period by \$6,906 to \$97,991.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 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 § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

- (iv) 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; . . . "

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted 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 comply with the Cash Management requirements of the programs.

FINDING 2014-005 - PROGRAM INCOME

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

The School Corporation had not established an effective internal control system, which would have ensured proper supporting documentation, related to the grant agreement and the Program Income compliance requirement was retained.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that program income was properly recorded in the financial records. All receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund; prepayments were not recorded in a separate Prepaid Food Fund; therefore, we were not able to identify a proper population to test program income.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 3016.20(b) states in part:

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

- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The failure to maintain separate funds for prepayments and income prevented the ability to verify if the School Corporation was in compliance with the requirements of Program Income.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and compliance requirements for Program Income.

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2014-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the Procurement and Suspension and Debarment compliance requirements.

The School Corporation was a member of the Southern Indiana Commodity Cooperative (Cooperative). The Cooperative administered the procurement process; however, the School Corporation purchased its own food and related supplies.

Neither the Cooperative nor the School Corporation had procedures in place to ensure compliance with Procurement and Suspension and Debarment. Contracts were not prepared for awarded bids. In addition, the School Corporation also had covered transactions with vendors other than those that were involved in the bidding process with the Cooperative. The School Corporation did not verify if those vendors were suspended or debarred.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 3016.36(b)(1) states: "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

2 CRF 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

We recommended that the School Corporation's management establish controls, including segregation of duties, and comply with the Procurement and Suspension and Debarment requirements of the programs.

FINDING 2014-007 - INTERNAL CONTROLS OVER TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): 2011-2012, 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of 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 following compliance requirements: Activities Allowed or Unallowed, Cash Management; Period of Availability of Federal Funds, Reporting, and Special Tests and Provisions - Participation of Private School Children.

There were no controls in place, such as, proper segregation of duties or an oversight or approval process.

The Program Director was solely responsible for maintaining certifications and reports for employee's hours, completing reimbursement requests, completing reports, and determining private school participation.

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 an effective internal control system could have 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.

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

FINDING 2014-008 - INTERNAL CONTROLS OVER TITLE I, PART A CLUSTER

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, ARRA -

Title I Grants to Local Educational Agencies, Recovery Act

CFDA Numbers: 84.010, 84.389

Federal Award Numbers and Years (or Other Identifying Numbers): 2011-2012, 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Management of 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 following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Level of Effort, Earmarking; Period of Availability of Federal Funds; Reporting; and Special Tests and Provisions - Participation of Private School Children, Special Tests and Provisions - School wide Programs, and Special Tests and Provisions - Comparability.

There were no controls in place, such as, an oversight or approval process.

The Title I Director was solely responsible for maintaining certification and reports for employee's hours, completing reimbursement requests, determining eligibility, completing reports, submitting MOE calculations and reserve amounts, determining private school, school wide participation, and comparability.

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 an effective internal control system could have 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.

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

FINDING 2014-009 - SUBRECIPIENT MONITORING

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 Numbers): 2011-2012, 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

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 Subrecipient Monitoring compliance requirement.

The School Corporation did not have a system in place to ensure compliance with Subrecipient Monitoring. Procedures were not implemented to allow the School Corporation to identify the amount provided to its subrecipient. The School Corporation failed to properly notify the subrecipient with the required federal award information. Additionally, the School Corporation did not properly monitor the use of the federal funds ensuring they were used for authorized purposes and to ensure the subrecipient complied with laws, regulations, and the provisions of the contracts or grant agreements and that the performance goals were achieved.

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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-133, Subpart D, section .400(d) states in part:

"A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and comply with the Subrecipient Monitoring requirements of the program.

FINDING 2014-010 - SPECIAL TESTS AND PROVISIONS - HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS

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 Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of 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 Special Test and Provision - Highly Qualified Teachers and Paraprofessionals.

The School Corporation did not have sufficient documentation on file for 39 percent of teachers tested to support that they met the definition of a highly qualified teacher.

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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. . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or passthrough entity in the case of a subrecipient."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could have resulted 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 comply with the Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals requirements of the program.

FINDING 2014-011 - SPECIAL TESTS AND PROVISIONS - ANNUAL REPORT CARD, HIGH SCHOOL GRADUATION RATE

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 Numbers): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of 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 Special Test and Provision - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation did not always have sufficient documentation for students who were removed from the cohorts and reported as transferred to another public or nonpublic school. Of the 40 students tested who were removed from the cohorts for the 2012-2013 and 2013-2014 school years, 8 transfers did not contain sufficient documentation.

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. . . ."

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

34 CFR 200.19(ii)(B) states in part:

"(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. . . ."

The failure to establish internal control enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement could have resulted 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 comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirements of the program.

FINDING 2014-012 - CASH MANAGEMENT, REPORTING, LEVEL OF EFFORT, AND PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14211-033-PN01, 14212-033-PN01,
14213-033-PN01, 14214-033-PN01,
99914-033-TA01, 45712-033-PN01,
45713-033-PN01, 45714-033-PN01

Pass-Through Entity: Indiana Department of Education

Management of 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 following compliance requirements: Cash Management, Reporting, Level of Effort, and Period of Availability of Federal Funds.

Cash Management and Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure that requests for reimbursement or required reports were accurately prepared. One person was responsible for preparing and submitting the requests and reports. There was no segregation of duties, such as an oversight, review, or approval process or another compensating control.

Level of Effort

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the Excess Cost Calculator and Maintenance of Effort worksheets were accurately prepared. One person was responsible for preparing and submitting the worksheets. There was no segregation of duties, such as an oversight, review, or approval process or another compensating control.

FRANKLIN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Period of Availability of Federal Funds

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the expenditures were within the period of availability. One person was responsible for preparing and submitting the worksheets. There was no segregation of duties, such as an oversight, review, or approval process or another compensating control.

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 requirements could have resulted 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.



Dr. David Clendening
Superintendent

Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

September 9, 2016

Finding 2014-001 and 2014-003

Federal Agency:

U.S. Department of Agriculture

Federal Program:

National School Lunch Program; School Breakfast Program; Summer Food Service Program for Children

CFDA Number:

10.555; 10.553; 10.559

Federal Award Year :

2012-2013 and 2013-2014

Pass Thru Entity:

Indiana Department of Education

Contact Person:

Jeffrey R. Mercer

Title of Contact Person:

Director of Finance

Contact Number:

(317) 738-5800

Corrective Action Plan

Franklin Community School Corporation is enacting the following corrective actions in order to ensure that there is an effective internal control system in place.

1. All financial documents prepared in the Food Service office are being reviewed by a Food Service office employee who did not initiate the original document. That is, a review of one food service office employee's completed work is being completed by someone other than the preparer of the detailed work. Documentation that the item has been reviewed is acknowledged by date stamping the review date plus initialing the document by the reviewing individual. Documents reviewed include; payroll reports, claims, receipts, bank deposits, mileage claims, reimbursement claims and supporting documents from which the claim is prepared. All claims sent for payment to vendors are also reviewed by the Accounts Payable Clerk in the Business office. The Deputy Treasurer also reviews all deposits processed in the Food Service Office.
2. Purchase orders are initiated and processed by a Food Service office employee after approved in advance by the Food Service Director. Once prepared, the purchase order is checked by the Business office Accounts Payable Clerk. The purchases are checked in/received by another Food Service office employee, i.e. not the same employee who initiated the purchase order. The Food Service Director signs the purchase order and passes it to the Accounts Payable Clerk for payment.

3. The departmental payroll spreadsheet that is prepared in the FS office from the time and attendance program, K-time, has been revised to include the total dollars expended for payroll per 2 week pay period. The Food Service Director compares the spreadsheet dollars to the monthly expenditure reports to verify that only Food Service personnel payroll is being charged to the Food Service Department. Discrepancies are reported to and corrected by the Payroll Clerk in the Business office.



Dr. David Clendening
Superintendent

Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

September 9, 2016

Finding 2014-002:

Federal Agency:

U.S. Department of Agriculture

Federal Program:

National School Lunch Program; School Breakfast Program

CFDA Number:

10.553; 10.555

Federal Award Year :

2012-2013 and 2013-2014

Pass Thru Entity:

Indiana Department of Education

Contact Person:

Jeffrey R. Mercer

Title of Contact Person:

Director of Finance

Contact Number:

(317) 738-5800

Corrective Action Plan

The Franklin Community Schools recognizes the importance of indirect cost allocation reporting. The following mistake occurred and corresponding corrective measure was taken:

Food purchases in the amount of \$1,012,993 for the school year 2010-2011 and \$1,06,510 for the school year 2011-2012 were posted incorrectly to object code 314.

1. It was discovered in January, 2014 that the above listed purchases were posted to an incorrect object code (314). Subsequently, the correction was made and the purchases were posted to the correct object code 614. All current purchases adhere to the accurate object code (614).

In addition, we have begun the process of revising our Internal Control process. Included in the control revision is both a formal Central Office Control assessment and review resulting in an identification of all applicable segregation of duties.



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Director of Operations

September 9, 2016

Finding 2014-003 and 2014-007

Federal Agency:	U.S. Department of Education
Federal Program:	Twenty-First Century Community Learning Centers
CFDA Number:	84.287
Federal Award Year :	2011-2012, 2012-2013 and 2013-2014
Pass Thru Entity:	Indiana Department of Education
Contact Person:	Jeffrey R. Mercer
Title of Contact Person:	Director of Finance
Contact Number:	(317) 738-5800

Corrective Action Plan

Effective December 31, 2014 the Twenty-First Century Community Learning Center grant expired for Franklin Community Schools.

With that said, we do recognize the importance of establishing internal controls over any/all such Federal Grants. Therefore, the following items shall be enacted on any such future grants:

- Direct oversight from the building Treasurer and secondary oversight from our Asst. Deputy Treasurer at the Central Office who coordinates all grants.
- Building Principal shall sign off on all purchases through said grant.
- Directors in any affected area (i.e. Technology) shall sign off on all purchases that they initiate on behalf of said grant.
- Time and effort logs will be maintained when appropriate for all affected grants



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Superintendent

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Executive Director of Finance

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Director of Technology

Mr. Bill Doty
Director of Operations

September 9, 2016

Finding 2014-004:

Federal Agency:

Federal Program:

U.S. Department of Agriculture

National School Lunch Program; School Breakfast Program; Summer Food Service Program for Children

10.553; 10.555; 10.559

2012-2013 and 2013-2014

CFDA Number:

Federal Award Year:

Pass Thru Entity:

Indiana Department of Education

Contact Person:

Jeffrey R. Mercer

Title of Contact Person:

Director of Finance

Contact Number:

(317) 738-5800

The Franklin Community Schools Food Service Department has enacted the following procedure to limit its net cash resources.

Corrective Action Plan

1. On August 1, 2015, a report of current customer account balances was run for all student and adult accounts by school building. The total dollar amount for each building was transferred into newly created meal prepayment accounts established for each school. In addition, beginning August 1, all meal pre-payments are being posted and receipted into the separate clearing accounts for each school building.
 - o In addition, the separation of revenue into two accounts; one that is the clearing account for meal pre-payment and the other for Food Service revenue, will reduce the net cash resources for the department for repairs and purchases of equipment.
2. A detailed plan for equipment purchases/replacement will be developed and approved by the IN DOE School and Community Nutrition office. The plan will include the items that will be purchased, their approximate cost and the timeline for purchases.



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Mrs. Deb Brown-Nally
Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

September 9, 2016

Finding 2014-005:

Federal Agency:

Federal Program:

U.S. Department of Agriculture

National School Lunch Program, School Breakfast Program, Summer School Program for Children

10.553, 10.555, 10.559

CFDA Number:

Federal Award Year:

2012-2013 and 2013-2014

Pass Thru Entity:

Indiana Department of Education

Contact Person:

Jeffrey R. Mercer

Title of Contact Person:

Director of Finance

Contact Number:

(317) 738-5800

Corrective Action Plan

The Food Service Department has enacted the following change in processes effective August 1, 2015 in order to correct the findings related to Program income.

- On August 1, 2015, a report of current customer account balances was run for all student and adult accounts by school building. The total dollar amount for each building was transferred into newly created meal prepayment accounts established for each school.
- In addition, beginning August 1, all meal pre-payments are being posted and receipted into the separate clearing accounts for each school building.
- On a weekly basis, as the sales of meals are made, the amount of money equal to the dollars expended for meals and ala carte purchases are transferred from the "holding/clearing" account into the Food Service revenue accounts for each school.
- A new deposit worksheet has been developed and implemented to ensure that all sales are accurately receipted as recorded on the Meal Magic sales reports (the Z and Cash - Out reports). The sales reports are run by the individual school building cafeteria manager who then prepares the deposit worksheet and bank deposit slip. After the manager takes the deposit for the day to the bank, the deposit slip and worksheet are sent to the Food Service office. The worksheet is checked for accuracy by one of the FS office staff. This individual initials the worksheet. The deposit information is then entered/posted to the appropriate building revenue account in our financial program (Komputrol) by another FS office staff person. Another Meal Magic financial activity report is run for each building and compared to the receipt posting report as an additional check for accuracy. The receipts are then given to the Deputy Treasurer for review.



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Superintendent

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Executive Director of Curriculum & Instruction

Mr. Jeff Mercer
Executive Director of Finance

Mr. Matt Sprout
Director of Technology

Mr. Bill Doty
Director of Operations

September 9, 2016

Finding 2014-006:

Federal Agency:

Federal Program:

CFDA Number:

Federal Award Year:

Pass Thru Entity:

Contact Person:

Title of Contact Person:

Contact Number:

U.S. Department of Agriculture

**School Breakfast Program; National School Lunch
Program; Summer Food Service Program for Children**

10.553; 10.555; 10.559

2012-2013 and 2013-2014

Indiana Department of Education

Jeffrey R. Mercer

Director of Finance

(317) 738-5800

Corrective Action Plan

In order to comply fully with internal controls related to procurement, suspension, and debarment, the following procedures are being implemented.

- The Cooperative will develop and implement policies and procedures to ensure compliance with all procurement, suspension, and debarment rules.
- All vendors from which purchases are made will be checked annually for compliance with suspension and debarment regulations. The IDOA site will be checked annually for the list of vendors currently suspended from doing business in the State of Indiana. The SAM (System for Award Management) site will be searched by vendor to check suspension or debarment with federal agencies. In addition, each vendor will be sent suspension and debarment documents that must be returned indicating that they are not prohibited from doing business either with either the State of Indiana or Federal agencies. This documentation will be shared with all corporations who are a part of the Cooperative.
- For transactions/purchases not covered with Cooperative bids, all State and Federal procurement guidelines will be followed as outlined in 2 CFR Part 200 Procurement Standards.
- A memo dated November 13, 2015 was received from USDA related to guidance on competitive procurement standards for program operators. The section cited in this memo, 7 CFR Part 210.21 has been reviewed. to ensure that our program is conducting procurement transactions in accordance with governing regulations.

- Additional guidance is being provided by IDOE through procurement trainings. The trainings are intended to assist FS directors in identifying key considerations for implementing a fair, open, and cost-effective procurement system in the School Nutrition Program. The training will be attended by the FS Director for Franklin Schools in early February, 2016.

FINDING 2014-008

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies, ARRA - Title I Grants to Local Educational Agencies, Recovery Act

CFDA Number: 84.010, 84.389

Federal Award Number and Year (or Other Identifying Number): 2011-2012, 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Dr. David Clendening

Title of Contact Person: Superintendent

Contact Number: (317) 738-5800

Corrective Action plan:

1. **The Coordinator of Title I will establish protocol for expending funds from the Title I grant which includes a segregation of duties and responsibilities:**
 - a) **The Coordinator will review budget history reports on a monthly basis**
 - b) **The Coordinator will receive a digital copy of the budget history. This will be stored in the office of the coordinator.**
 - c) **The coordinator will approve all claims, by signature, and send to accounts payable for processing.**
 - d) **Building Treasurers/Administration will submit a requisition to purchase to the Title I program Administrative Assistant.**
 - e) **The Administrative Assistant will verify that requested items are approved in the current grant.**
 - f) **The Administrative Assistant will requisition proposed items.**
 - g) **The invoices will be submitted to the Title I Coordinator for approval of payment.**
 - h) **Accounts Payable Vouchers will be submitted to Accounts Payable to be processed**
2. **Eligibility compliance for Title 1 funding:**
 - a) **The Food Service Director will submit the approved Free and Reduced file on a weekly basis to the FCS data base personnel.**
 - b) **The submitted data is uploaded into our student management system.**
 - c) **Furthermore, the data base personnel will store a digital copy in a Title 1 electronic folder. This folder will be reviewed on a bi-weekly basis by the FCS Coordinator.**
 - d) **Non-public school notification, submitted to the LEA, with student's name, legal residence, and name of the non-public school will be scan, and placed in the digital Title 1 folder.**

3. Level of Effort:

a) The Special Director or designee will cross reference all expenditures. The Director will record findings on a monthly basis.

1. The Coordinator of Title I will establish protocol for expending funds from the Title I grant which includes a segregation of duties and responsibilities.
2. Building Treasurers/Administration will submit a requisition to purchase to the Title I program Administrative Assistant.
3. The Administrative Assistant will verify that requested items are approved in the current grant.
4. The Administrative Assistant will requisition proposed items.
5. The invoices will be submitted to the Title I Coordinator for approval of payment.
6. Accounts Payable Vouchers will be submitted to Accounts Payable to be processed.



Dr. David Clendening
Superintendent

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Director of Operations

FINDING 2014-009

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): 2011-2012, 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Dr. David Clendening

Title of Contact Person: Superintendent

Contact Number: (317) 738-5800

Corrective Action Plan:

1. The Coordinator of Title I will provide building budgets to each subrecipient which will include the CFDA title and number and the federal award name and number to its subrecipient.
2. The Coordinator of Title I will prepare Time and Effort logs for all employees that are receiving partial funding of salary from Title I and employed by the subrecipient. The Coordinator of Title I will collect forms and maintain them in a Master File at the FCS Central Office. This file will be stored digitally and hard copy form.
3. The Coordinator of Title I will train the subrecipient on established protocol for expending funds from the Title I grant.
4. Subrecipients, FCS Principals, and entity Treasurers will be required to participate in quarterly policy and procedure training via written and oral presentation.
5. Subrecipient Monitoring- The Subrecipient will submit a payroll report, listing the teacher, pay dates, and gross pay to the ELA verifying funds were used for reimbursement of Professional Services.



Dr. David Clendening
Superintendent

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Director of Operations

FINDING 2014-010

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): 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Dr. David Clendening

Title of Contact Person: Superintendent

Contact Number: (317) 738-5800

Corrective Action Plan:

1. During the Franklin Community Schools' onboarding process the Human Resource department will provide new hires with all Highly Qualified verification forms, as posted by the IDOE.
2. The new employees are required to show proof of highly qualified status.
3. The FCS Human Resource department will collect documentation proving the Highly Qualified Status of each person.
4. All Highly Qualified verification forms will be kept in the respective employee's personnel file.
5. The Director of Title 1 will perform quarterly audits of new hires, certified and non-certified personnel, and submit findings to the superintendent.
6. The superintendent, or designee, will place audit findings in the Title 1 binder in the business office.
7. These findings will be stored and retained as per the Indiana retention schedule.
8. All teachers in FCS will be Highly Qualified. A record of their disposition will remain on file, in their respective personnel file.



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Director of Operations

FINDING 2014-011

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): School Years 2012-2013, 2013-2014

Pass-Through Entity: Indiana Department of Education

Contact Person: Dr. David Clendening

Title of Contact Person: Superintendent

Contact Number: (317) 738-5800

The following steps are being enacted to ensure proper, accurate, and timely reports are maintained and controlled:

1. The Franklin Community High School registrar will be the only staff member withdrawing students from the cohort upon receiving a signed request for transcript from receiving school on school letterhead.
2. The Franklin Community High School registrar will send a digital copy of the withdrawal to the Principal or designee and file in student's permanent record.
3. The Franklin Community High School Counselors will perform monthly cohort audits to ensure proper documentation has been submitted for withdrawn students.
4. The Principal or Principal's designee will perform quarterly cohort audits to ensure proper documentation has been submitted for withdrawn students. A written summary will be provided to the Coordinator of Title I within in 5 days of this internal review.

FRANKLIN COMMUNITY SCHOOLS

Student-Centered • Innovative

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Superintendent

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Mr. Bill Doty
Director of Operations

September 9, 2016

Finding 2014-012:

Federal Agency:

Federal Program:

U.S. Department of Education

**Special Education, Grants to States, Special Education,
Preschool Grants**

CFDA Number:

84.027, 84.173

Federal Award Year :

14211-033PN01;14212-033-PN01

14213-033-PN01;14214-033-PN01

99914-033-TA01;45712-033-PN01

45713-033-PN01;45714-033PN01

Pass Thru Entity:

Indiana Department of Education

Contact Person:

Jeffrey R. Mercer

Title of Contact Person:

Director of Finance

Contact Number:

(317) 738-5800

Corrective Action Plan

While we have historically utilized one individual in the completion of Maintenance of Effort and Excess Cost Calculator with a review of the worksheets by another individual, we are undergoing a full Internal Control strategy to ensure segregation of duties and appropriate oversight.

Therefore, by May of 2017 we will have a fully developed and Board approved Internal Controls Plan that will govern oversight of all programs.

Signed: _____

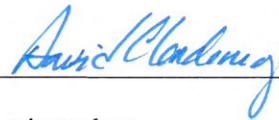


Title: Executive Director of Finance

Date: _____

9/13/16

Signed: _____



Title: Superintendent

Date: _____

9/14/2016

FRANKLIN COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for audit for 24 months during the audit period. School officials were reconciling transactions but not reconciling the actual depository bank statement to the funds ledger cash balances.

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."

INTERNAL CONTROLS OVER CREDIT CARD PAYMENTS

The School Corporation did not have sufficient internal controls over the reconciliation of credit card expenditures. The School Corporation made credit card payments on the basis of the statement without fully reconciling the individual expenditures to its supporting documents.

The documentation presented contained approved accounts payable vouchers for individual credit card transactions; however, the vouchers themselves were not traceable to a specific credit card. There was no evidence of reconciliation between the individual vouchers and the credit card statement. The individual vouchers for a specific credit card statement were collected in a file packet, and the packet was given a voucher number. The individual vouchers were not numbered or otherwise referenced to the credit card.

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 manual for Indiana Public School Corporations, Chapter 9)

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:

- 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. . . . (Accounting and Uniform Compliance 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)

FRANKLIN COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

DEPOSITS - FOOD SERVICE

The average time to deposit the manually processed food service receipts tested was 39 days. In some instances, the funds received were not deposited for over 100 days. The manually processed receipts at the food service office included catering, rebates, and summer food sales to adults. These receipts were approximately 2 percent of all food service receipts.

In addition to the delays in deposits, monies received from summer food sales to adults were not tracked except by meal count log sheets. There were no records of dollar amounts received.

Indiana Code 5-13-6-1(c) states in part:

". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . ."

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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)

PREPAID SCHOOL LUNCH ACCOUNT

The School Corporation accounted for the prepaid food activity within the School Lunch fund. A separate clearing account for the prepaid food account activity had not been established as prescribed.

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines Vol. 183)

FRANKLIN COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2016, with Jeffrey R. Mercer, Treasurer; Dr. David Clendening, Superintendent of Schools; and Bryan D. Wertz, President of the School Board.