

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

UNION COUNTY COLLEGE CORNER
JOINT SCHOOL DISTRICT
UNION COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
01/07/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jennifer Gronning	07-01-12 to 06-30-16
Superintendent of Schools	Dr. Zach Rozelle	07-01-12 to 06-30-16
President of the School Board	Michael Murray	07-01-12 to 12-31-15



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE UNION COUNTY COLLEGE CORNER
JOINT SCHOOL DISTRICT, UNION COUNTY, INDIANA

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

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 24, 2015

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS

FINDING 2014-001 - SEGREGATION OF DUTIES OVER FINANCIAL TRANSACTIONS AND REPORTING AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipting and payroll disbursements. The Corporation Treasurer is completing all activities related to receipting of School Corporation funds without any additional oversight, review, or approval process. The Deputy Corporation Treasurer is completing all areas associated with the preparation and disbursement of School Corporation payroll without any additional oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
2. Preparation of the SEFA: 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 School Corporation Treasurer prepared the SEFA; however, there was no control to ensure its accuracy.

The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors:

1. Total federal expenditures were incorrectly reported.
2. Expenditures and information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards.

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

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2014-002 - CASH MANAGEMENT, ELIGIBILITY, PERIOD OF AVAILABILITY, AND REPORTING

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): 13-7950, 14-7950

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Period of Availability, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Cash Management and Reporting

For the fiscal years 2013 and 2014, the Corporation Treasurer was the only employee involved in the preparation and submission of Reimbursement Requests and the Final Expenditure Report for Title I. There were no controls over the Reimbursement Requests to ensure expenses being requested for reimbursement were paid prior to the request being submitted or were accurate or the Final Expenditure Report was accurate before they were submitted to Indiana Department of Education. This could lead to the School Corporation requesting reimbursements for expenses before those expenses have been paid or errors in reporting.

Eligibility

For the fiscal years 2013 and 2014, the Title I Director was the only employee responsible for determining eligibility at Liberty Elementary School. The Title I Teacher at College Corner Union Elementary was the only employee responsible for determining eligibility at that school. There were no controls in place to ensure that they were calculated correctly. This could lead to an ineligible child receiving Title I services.

Period of Availability

For the fiscal years 2013 and 2014, there were no controls to ensure that grant funds were incurred and spent within the grant period.

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

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

FINDING 2014-003 - CASH MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-13-PN01, 14212-13-PN01,
14213-13-PN01, 14214-13-PN01,
45712-13-PN01, 45713-13-PN01,
45714-13-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Period of Availability, and Reporting. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Cash Management and Reporting

For fiscal year 2014, the School Corporation Treasurer was the only employee involved in the preparation and submission of Requests for Reimbursement for the Special Education grants. There were no controls over the Requests for Reimbursement before they were submitted to East Central Indiana Special Services Special Education Cooperative to ensure expenses being requested for reimbursement were paid prior to the request being submitted or to ensure the Request for Reimbursements were accurate. This could lead to the School Corporation requesting reimbursements for expenses before those expenses have been paid or errors in reporting.

Period of Availability

For fiscal year 2014, there were no controls to ensure that grant funds were incurred and spent within the grant period.

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

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

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 13-7950, 14-7950

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Allowable Costs/Cost Principles. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

There were no controls in place during the audit period over payroll to ensure that only employees who should have been paid from Title I were properly charged to the Title I funds. For fiscal years 2013 and 2014, there were semiannual certifications that were signed by the Title I Director or the Principal; however, the Title I Director did not appear on any of the semiannual certifications during the audit period even though the Title I Director was paid from Title I funds. There was also a Title I Aide paid from Title I funds that did not appear on one of the semiannual certifications.

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

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

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

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

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

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

FINDING 2014-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States,
Special Education_Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 99914-0-PN01, 45712-13-PN01,
45713-13-PN01, 45714-13-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Allowable Costs/Cost Principles - Time and Effort Reporting. The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirement related to its Special Education Grants.

There were no controls in place during the audit period over payroll to ensure that employees paid with Special Education funds were working within the Special Education program. The School Corporation failed to prepare the necessary documentation related to Time and Effort Reporting. For those employees that were paid entirely from Special Education funds, the School Corporation did not include their names on a Semi-Annual Certification Activity Report.

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

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

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

OMB Circular A-87, Attachment B, paragraph 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 semiannually 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,
 - (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. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

UNION COUNTY-COLLEGE CORNER JOINT SCHOOL DISTRICT
107 Layman Street • Liberty, Indiana 47353 • P: 765-458-7471 • F: 765-458-5647

Zach Rozelle, Superintendent
Al Sustarsic, Assistant Superintendent
Jim Migoski, Director of Information
Technology



Jennifer Gronning, Treasurer
Debbie Blevins, Payroll Clerk
Joe Elleman, Transportation
Director

TO: Whom it May Concern, Indiana State Board of Accounts
FROM: Zach Rozelle, Superintendent
DATE: October 15, 2015
RE: Corrective Action Plan

Section II

FINDING 2014 – 001

- To the extent that it is possible to do so in a small school corporation operating with limited staff Union County College Corner Joint School District will work to separate incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances.
- The Corporation Treasurer will continue to prepare the Schedule of Expenditures of Federal Awards (SEFA). The Union County College Corner Joint School District will require that the Superintendent and Director of the East Central Indiana Special Education Cooperative of which we are the LEA will both review the SEFA and sign off on that review prior to the SEFA being submitted by the Corporation Treasurer.

Section III

FINDING 2014 – 002

- To the extent that it is possible to do so in a small school corporation operating with limited staff Union County College Corner Joint School District will work to establish segregation of duties to as they pertain to the administration of Title 1 and / or additional administrative oversight and sign off regarding matters pertaining to Title 1.
- The Union County College Corner Joint School District will require the Superintendent and / or his or her designee to review Reimbursement Requests and the Final Expenditure Report for Title 1 prior to their being submitted to the Indiana Department of Education and that individual will sign off on that review.
- The Union County College Corner Joint School District will require the Title 1 Teacher at Liberty Elementary School and the Title 1 Teacher at College Corner Union School will review the determinations for eligibility within one another's respective locations to ensure they were calculated correctly and both will sign off one another's determinations.

FINDING 2014 – 003


- The East Central Indiana Special Education Cooperative Administrative Assistant will prepare and submit the Requests for Reimbursement for Special Education. The Union County College Corner Joint School District will require that the District Treasurer and Director of the East Central Indiana Special Education Cooperative of which we are the LEA will both review the Requests for Reimbursement for Special Education and sign off on the requests prior to their being submitted by the East Central Indiana Special Education Cooperative Administrative Assistant.

FINDING 2014 – 004

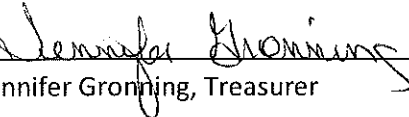
- To the extent that it is possible to do so in a small school corporation operating with limited staff Union County College Corner Joint School District will work to establish segregation of duties to as they pertain to the administration of Title 1 and / or additional administrative oversight and sign off regarding matters pertaining to Title 1.
- The Union County College Corner Joint School District will require that both the District Payroll Clerk will review payroll documentation with the Director of Title 1 to ensure that only employees who should be paid from Title 1 are properly included in the fund. Both will sign off to ensure the information is correct.

Finding 2014 – 005

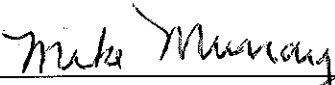
- Where employees are expected to work solely on a single Federal award or cost objective charges for their salaries and wages will be supported by a minimum annual certification that the employees worked solely on that program for the period covered by the certification. That certification will be signed off on by individuals with direct knowledge of the Federal award being certified and the Superintendent.



Zach Rozelle, Superintendent



Jennifer Groning, Treasurer



Mike Murray, President, Union County College Corner Joint School District Board of School Trustees

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statements presented in the Financial Statement and Federal Single Audit included the following fund with an overdrawn cash balance at June 30, 2014:

Fund	Amount Overdrawn
Textbook Rental Fund	\$ 35,040

As similar report appeared in prior report B41905.

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

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 was accurate.

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)

COLLECTIVE BARGAINING AGREEMENTS

The August 1, 2011 to December 31, 2012, Master Contract between the School Corporation and the Union County Teachers' Association contained multiple items that are prohibited by Indiana Code 20-29-6-4.5. The items that are prohibited in this case include teaching/working conditions, management rights, teacher rights, reimbursements, dues deductions, payroll deductions, and early retirement buy-out.

The January 1, 2013 to June 30, 2013, Master Contract between the School Corporation and the Union County Teachers' Association contained multiple items that are prohibited by Indiana Code 20-29-6-4.5. The items that are prohibited in this case include teaching/working conditions, management rights, teacher rights, reimbursements, dues deductions, payroll deductions, and early retirement buy-out.

The July 1, 2013 to June 30, 2014, Master Contract between the School Corporation and the Union County Teachers' Association contained multiple items that are prohibited by Indiana Code 20-29-6-4.5. The items that are prohibited in this case include reimbursements, payroll deductions, and early retirement buy-out.

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

During the audit period, Indiana Code 20-29-6-4.5 stated:

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

- (1) The school calendar.
- (2) Teacher dismissal procedures and criteria.
- (3) Restructuring options available to a school employer under federal or state statutes, regulations, or rules because of the failure of the school corporation or a school to meet federal or state accountability standards.
- (4) The ability of a school employer to contract, partner, or operate jointly with an educational entity that provides postsecondary credits to students of the school employer or dual credits from the school employer and the educational entity.
- (5) Any subject not expressly listed in section 4 of this chapter.

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

During the audit period, Indiana Code 20-29-6-4 stated:

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

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

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

TEXTBOOK RENTAL FEES

The School Corporation charged textbook rental fees that are set at 25 percent of the cost of each textbook. They used that rate for the first six years that the textbooks were in use.

During the audit period, Indiana Code 20-26-12-2 stated:

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

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) in compliance with the minimum certification standards of the state board; and
 - (2) located within the attendance unit served by the governing body. The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials.
- (b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of curricular materials that have been:
- (1) extended for usage by students under section 24(e) of this chapter; and
 - (2) paid for through rental fees previously collected.
- (c) This section does not limit other laws."

Effective July 1, 2015, Indiana Code 20-26-12-2 was amended to state:

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

- (1) in compliance with the minimum certification standards of the state board; and
- (2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials.

- (b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than twenty-five percent (25%) of the retail price of curricular materials that have been:
- (1) extended for usage by students under section 24(e) of this chapter; and
 - (2) paid for through rental fees previously collected.
- (c) This section does not limit other laws."

***CURRENT SUPERINTENDENT AND NON-TEACHING
CERTIFIED EMPLOYEE CONTRACTS NOT POSTED***

School Corporation Officials have not posted current contracts for the Superintendent of Schools or Non-Teaching Certified employees to the School Corporation's website.

Indiana Code 20-26-5-4.3(d) states in part that: "A governing body shall post the provisions of an employment contract that the governing body enters into with a superintendent of the school corporation on the school corporation's Internet web site."

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 20-26-5-4.7 states:

"(a) This section does not apply to a:

- (1) superintendent of a school corporation; or
- (2) certificated employee (as defined in IC 20-29-2-4) that is represented by an exclusive representative (as defined in IC 20-29-2-9) under IC 20-29.

(b) The superintendent shall post the provisions of an employment contract that the school corporation enters into with a certificated employee on the school corporation's Internet web site."

TRAVEL POLICY

The School Corporation has a policy concerning travel payment and reimbursement. However, we noted that the School Corporation did not comply with its existing policy. Mileage Reports were not approved by department heads or principals, and they were not submitted to the Treasurer within 60 days of travel. In addition, the School Board has not established per diem rates as is required by their policy.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CREDIT CARD POLICY

The School Corporation has a policy concerning use of credit cards. However, we noted that the School Corporation did not comply with its existing policy. The policy in place requires that a log be kept which includes the names and positions of individuals using the card, estimated amounts to be charged, and the date the card is issued and returned. For the period from May 5, 2010 to December 2, 2013, the credit card log was not used.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PREPAID LUNCH ACCOUNTS

Prepaid lunch receipts were not placed in Fund 8400 Prepaid Food, a clearing account, but were instead accounted for in the School Lunch Fund, fund 800. The entire amount of prepaid lunch receipts were recognized in the School Lunch Fund, fund 800 at the time of receipt as revenue and not as applied from the clearing account as students consumed their individual account balances. As a result, the subsidiary records of prepaid lunch fund balances by student could not be reconciled to an overall balance on a routine basis as required.

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. The School Food Prescribed Forms and any approved computerized Forms will be required to be maintained in the following manner to accurately account for prepaid items. (The School Administrator, September 2008)

PAYROLL APPROVAL

During the audit period, bi-weekly payrolls were reviewed by the Treasurer, but there was no documentation to provide evidence of review and approval. The payrolls also were not presented to the School Board to be approved.

Some duties of the governing body not specifically mentioned in the School Powers Act are the following: . . . 2. Duty to examine all claims, accounts payable vouchers, and payrolls; to disallow any claim or part thereof if incorrect, illegal or unjust; or to sign and approve said claims for payment. . . . (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

UNION COUNTY COLLEGE CORNER JOINT SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2015, with Dr. Zach Rozelle, Superintendent of Schools; Michael Murray, President of the School Board; Al Sustarsic, Assistant Superintendent of Schools; and Jennifer Gronning, Treasurer.