

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

RUSH COUNTY SCHOOLS

RUSH COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
01/16/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Federal Findings:	
Finding 2015-001	
Financial Transactions and Reporting	4-5
Finding 2015-002	
Preparation of the Schedule of Expenditures of Federal Awards	5-7
Finding 2015-003	
School Breakfast Program, National School Lunch Program - Suspension and Debarment, Program Income	7-8
Finding 2015-004	
School Breakfast Program, National School Lunch Program - Allowable Costs/Cost Principles	8-9
Finding 2015-005	
Title I Grants to Local Educational Agencies - Cash Management and Reporting	9-11
Finding 2015-006	
Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles	11-12
Finding 2015-007	
Special Education_Grants to States, Special Education_Preschool Grants - Cash Management and Reporting	12-13
Finding 2015-008	
Special Education_Grants to States, Special Education_Preschool Grants - Allowable Costs/Cost Principles	13-14
Corrective Action Plan	15-19
Audit Result and Comment:	
Prepaid School Lunch	20
Exit Conference	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sharon Holloway	07-01-13 to 10-31-13
	Nathaniel D. Day	11-01-13 to 06-30-15
	Bryce Welsh	07-01-15 to 06-30-18
Superintendent of Schools	Dr. John E. Williams	07-01-13 to 06-30-14
	Matt Vance	07-01-14 to 06-30-18
President of the School Board	Paul W. Barada	01-01-13 to 12-31-14
	Jeff Slaton	01-01-15 to 12-31-16
	Dr. Steve Sickbert	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE RUSH COUNTY SCHOOLS, RUSH COUNTY, INDIANA

This report is supplemental to our audit report of the Rush County Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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, incorporated within this report, was not verified for accuracy.

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

November 29, 2017

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS

FINDING 2015-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2013-001.

Condition

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

Context

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to cash and investments. The Director of Finance was primarily responsible for completing the bank reconciliations without review by another person.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

The School Corporation had not established a proper system of internal controls over financial transactions and reporting.

Effect

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

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to financial transactions and reporting.

Views of Responsible Officials

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

FINDING 2015-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior report. The prior report finding number was 2013-002.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Director of Finance was primarily responsible for preparation and submission of the SEFA. There was no segregation of duties documented, such as an oversight, review, or approval process, or other compensating control. The lack of controls enabled material misstatement of the SEFA.

Context

The total federal awards expended were understated by \$125,484. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

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 § .310. . . ."

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

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

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

Cause

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

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the SEFA.

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2015-003

Subject: School Breakfast Program, National School Lunch Program -
Suspension and Debarment, Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015, 2014-15

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Suspension and Debarment, Program Income

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Suspension and Debarment and Program Income.

Suspension and Debarment

The School Corporation had not established an effective control to ensure vendors awarded contracts exceeding \$25,000 were not suspended or debarred from participation in federal programs.

Program Income

The School Corporation had not established an effective control to ensure program income was properly recorded in the financial records. Program income was posted based upon a report produced within Harmony (the Food Service software). There was no control in place to ensure the report agreed to sales figures reported in the School Corporation's Food Service Program.

Context

The lack of controls was a systemic problem. There were no documented internal controls for these compliance requirements during the audit period.

Criteria

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

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

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

The School Corporation had not developed a system of internal controls that would have segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-004

Subject: School Breakfast Program, National School Lunch Program - Allowable Costs/Cost Principles
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): FY 2014, FY 2015, 2014-15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation was required to maintain Semi-Annual Certifications on all full and part-time employees paid from the programs. There were no Semi-Annual Certifications maintained by the School Corporation for full or part-time employees paid from the programs during the audit period.

Context

The lack of controls and noncompliance were systemic problems during the audit period.

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles requirements outlined above.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Allowable Costs/Cost Principles requirements.

Views of Responsible Officials

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

FINDING 2015-005

Subject: Title I Grants to Local Educational Agencies - Cash Management and Reporting
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 2012/13, 2013/14, 2014/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Reporting
Audit Finding: Material Weakness

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

Context

Cash Management

One employee was responsible for preparing and submitting reimbursement requests. There was no control in place to ensure that the unit only requested reimbursement for costs the unit had incurred prior to submission of the reimbursement request.

Reporting

One employee was responsible for preparing and submitting required reports. There was no control in place to ensure reports were accurate prior to submission.

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have segregated key functions related to the compliance requirements mentioned under *Context* above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2015-006

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles
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): 2012/13, 2013/14, 2014/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation did not maintain Semi-Annual Certifications.

Context

The lack of controls and failure to maintain Semi-Annual Certifications were systemic problems throughout the audit period.

Criteria

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

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

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

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

Cause

Management had not developed a system of internal controls that segregated key functions related to the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-007

Subject: Special Education_Grants to States, Special Education_Preschool Grants -
Cash Management and Reporting
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): 2012/13, 2013/14, 2014/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Reporting
Audit Finding: Material Weakness

Condition

Management of the School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management and Reporting.

Cash Management

One employee was responsible for preparing and submitting reimbursement requests. There was no control in place to ensure that the unit had requested reimbursement only for costs the unit had incurred prior to submission of the reimbursement request.

Reporting

One employee was responsible for preparing and submitting required reports. There was no control in place to ensure reports were accurate prior to submission.

Context

The lack of internal controls over the Cash Management and Reporting compliance requirements was a systemic problem throughout the audit period.

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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

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

Cause

Management had not developed a system of internal controls that segregated key functions related to the compliance requirements mentioned under *Condition* above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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.

Views of Responsible Officials

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

FINDING 2015-008

Subject: Special Education_Grants to States, Special Education_Preschool Grants -
Allowable Costs/Cost Principles

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): 2012/13, 2013/14, 2014/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation did not maintain Semi-Annual Certifications.

RUSH COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Context

The lack of controls and failure to maintain Semi-Annual Certifications were systemic problems throughout the audit period.

Criteria

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

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

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

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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



RUSH COUNTY SCHOOLS

Matt Vance, Superintendent

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

New controls and separation of duties have been implemented to the best of our ability with a small staff. For example deposits, claim dockets and bank statements are signed off on by another member of the bookkeeping office.

Cash flow reports are given to the board members on a quarterly basis to inspect and comment on. The board is also presented with the claim docket every month and votes to accept or deny claims.

Anticipated Completion Date: 12/31/17

FINDING 2015-002

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

However, we no longer receive this grant, but if receive it in the future we will segregate the duties going forward. The director of finance will prepare the reimbursement requests as well as assist with writing grants and the grant director will approve reimbursements and be responsible for writing the grant.

Anticipated Completion Date: 12/31/17

FINDING 2015-003

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

All cafeteria funds have been brought into the central office. Monthly reimbursement reports are now prepared by cafeteria managers at the buildings and sent to the corporation secretary for review and submission. We are continuing to work on separating duties and instituting controls with a limited staff. The Director of Finance will check the sam.gov website for Suspension and Debarment of vendors.

Anticipated Completion Date: 12/31/17

FINDING 2015-004

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

We concur with the finding. We will complete and maintain Semi-Annual certifications for federal grants in the future.

Anticipated Completion Date: 12/31/17

FINDING 2015-005

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Director of Finance will be reviewing and initialing all reimbursement requests going forward. The Director of Finance will also be more involved in the financial process of the Title I grant such as meeting with the Title I director on a regular basis to discuss finances.

Anticipated Completion Date: 12/31/17

FINDING 2015-006

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

We will complete and maintain Semi-Annual certifications for federal grants in the future.

Anticipated Completion Date: 12/31/17

FINDING 2015-007

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Controls have already been put in place to correct this action. Financial reports are discussed by the Director of Differentiated Learning and the Director of Finance before preparing reimbursements. Once the reimbursement form is prepared by the Director of Finance it is reviewed by the Director of Differentiated Learning. Once reviewed by both directors it is then signed by both and submitted for approval.

Anticipated Completion Date: Complete

FINDING 2015-008

Contact Person Responsible for Corrective Action: Bryce Welsh, Director of Finance
Contact Phone Number: 765-932-4186

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

We will complete and maintain Semi-Annual certifications for federal grants in the future.

Anticipated Completion Date: 12/31/17



(Signature)

Director of Finance

(Title)

11/29/17

(Date)

RUSH COUNTY SCHOOLS
AUDIT RESULT AND COMMENT

PREPAID SCHOOL LUNCH

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.

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Administrator and Uniform Compliance Guidelines, September 2015)

RUSH COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on November 29, 2017, with Bryce Welsh, Treasurer; Matt Vance, Superintendent of Schools; and Dr. Steve Sickbert, President of the School Board.