



INTERNAL CONTROLS MANUAL
AND
BUSINESS OFFICE PROCEDURES

Internal control is defined by the Indiana State Board of Accounts as a “conceptual process that is applied to a wide range of situations in a wide range of environments. The purpose of the internal control process is to provide reasonable assurance that the mission and objectives of an organization will be achieved. This purpose includes the reduction of risk associated with fraud as well as a safeguard of resources against loss due to waste, abuse, mismanagement, or errors. Internal control provides a check and balance system over operations, promoting operational effectiveness and efficiency. A system of sufficient internal control produces reliable financial and management data; ensures accuracy and timeliness in reporting; and promotes compliance with the laws.”

The Corporation’s internal control system comprises the policies and procedures established to provide reasonable assurance that specific Corporation objectives will be achieved. Accounting responsibilities, procedures, and policies should be implemented and designed to prevent:

1. Misstatement of account balances because errors go undetected. (both intentional and unintentional)
2. Misappropriation of cash and other resources of the School Corporation.

These objectives are pursued through a sound internal control structure which is carefully established and followed by business office personnel as well as all other applicable personnel. Such an internal control structure can also tend to promote operational efficiency.

From a financial statement perspective, the School Corporation’s internal control structure consists of the control environment, the accounting system, control procedures and internal control systems. This internal control structure will ensure that the five requirements are met—Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

These elements of the internal control structure are as follows:

Control Environment

The control environment encompasses the collective effort of various factors on establishing, enhancing, or mitigating the effectiveness of specific policies or procedures. The control environment includes such factors as management’s philosophy and operating style including but not limited to:

1. The Corporation’s organizational structure.
2. The functioning of the Board of School Trustees.
3. Methods of assigning authority and responsibility.
4. Business Office control methods for monitoring and following up on performance.
5. Personnel policies and procedures.
6. Various external influences that affect the Corporation’s operations and practices.

Administration and the Board of School Trustees demonstrate a commitment to integrity and ethical values through written policies, training requirements, and enforcement of accountability standards.

Risk Assessment

The accounting system encompasses the methods and records established to identify, assemble, analyze, classify, record, and report the Corporation’s transactions and to maintain accountability for the related assets and liabilities. An effective accounting system gives appropriate consideration to establishing methods

and records that will:

1. Identify and record all valid transactions.
2. Describe on a timely basis the transactions in sufficient detail to permit proper classification of transactions for financial reporting.
3. Measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements.
4. Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period.
5. Present properly the transactions and related disclosures in the financial statements.

Control Activities

Risk assessment encompasses those policies and procedures, in addition to the control environment and accounting system that administration has established to provide reasonable assurance that specific Corporation objectives will be achieved. Control procedures pertain to:

1. Proper authorization of transactions and activities.
2. Segregation of duties to reduce the opportunities to allow any person to be in a position to both perpetrate and conceal error or irregularities in the normal course of his or her duties. A proper segregation of duties entails assigning different people the responsibilities of authorizing transactions, recording and reconciling transactions, and maintaining custody of assets.
3. Design and use of adequate documents and records to help ensure proper recording of transactions and events, such as monitoring the use of pre-numbered documents.

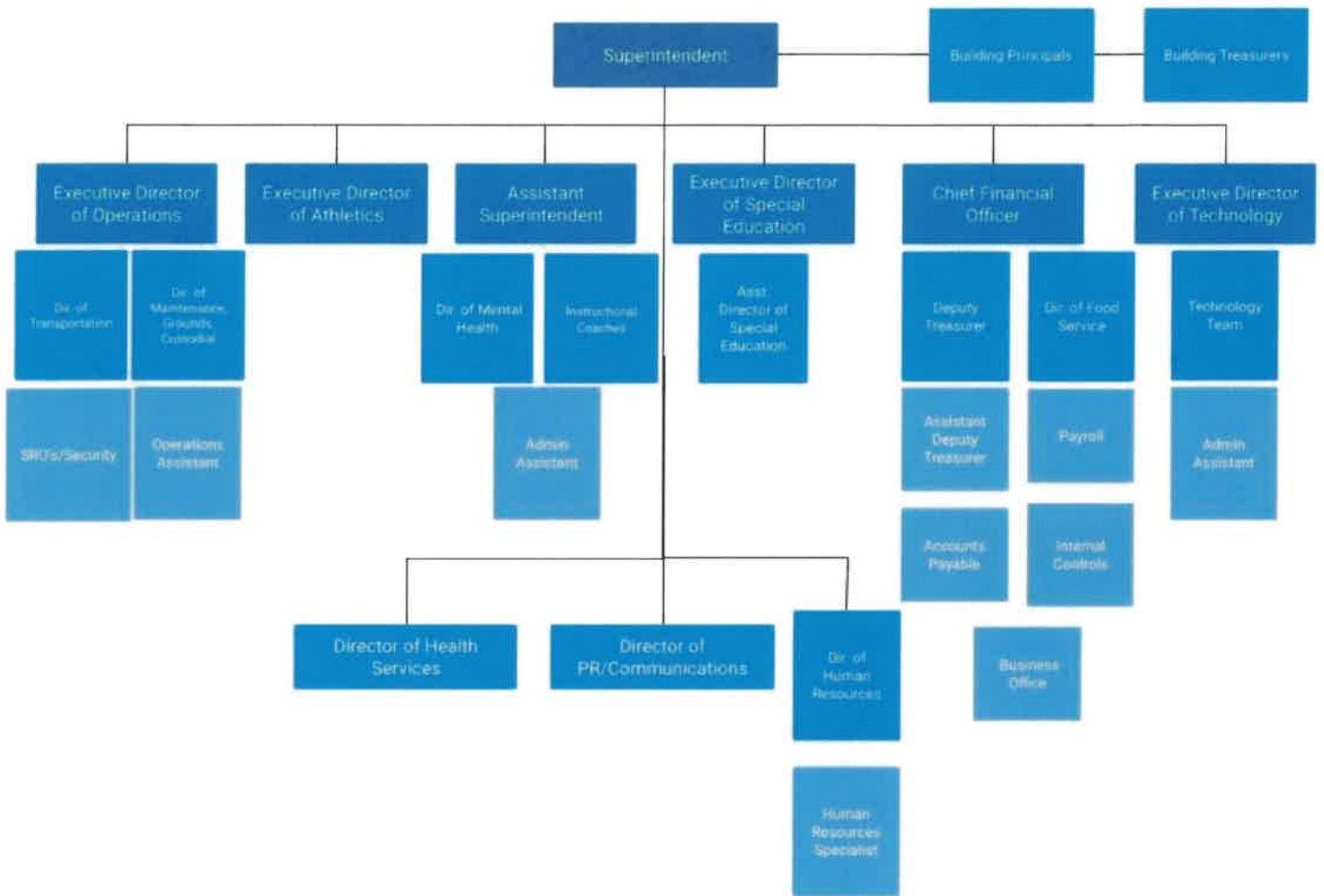
Information and Communication

Quality information from both internal and external sources supports the functioning of the other components of internal control. Continual communication processes provide, share, and obtain necessary information to achieve objectives. Internal communication sends a clear message to personnel about goals, objectives, standard operating procedures, and the importance of internal control responsibilities. External communication effectively conveys information to outside parties and internalizes information received from outside sources.

Monitoring Activities

The monitoring component evaluates whether each of the five components of internal control is present and functioning. As a dynamic process, internal control must be continually adapted to the risks and changes the agency faces. Monitoring aligns the internal control system with changing objectives, environment, laws, resources, and risks. Internal control monitoring assesses the quality of performance over time and promptly resolves the findings of audits and other reviews. Improvements and corrective actions complement control activities in achieving objectives.

1. Provide adequate safeguards over access to and use of assets and records, such as secured facilities and authorization for access to computer programs and data files.
2. Independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparisons of assets with recorded accountability, computer-programmed controls, administrative review of reports that summarize the detail of account balances, and user review of computer generated reports.



The Board of School Trustees for the Franklin Community Schools has assessed risk through Board Policy, strategic planning, and established practices and procedures. Job descriptions are in place for all positions and the corresponding evaluation instrument is utilized annually. The Human Resource department keeps current job descriptions for administrative, certified positions, and classified positions on file. Job assignments and the segregation of duties are examined at the building level and control procedures are tested on an on-going basis. If controls are not working properly, appropriate measures are taken to ensure compliance. The cost/benefit of the controls are taken into account when analyzing and reviewing measures.

Franklin Community School Corporation

Adoption of Internal Control Standards

Indiana Code 5-11-1-27 requires each political subdivision to maintain a system of internal controls to promote government accountability and transparency. As a result, the State Board of Accounts has developed the Uniform Internal Control Standards for Indiana Political Subdivisions, which provides a basis of common understanding to assist public sector managers in this effort.

Components and Principles

1. Control Environment

- a. The oversight body and management demonstrate a commitment to integrity and ethical values.
- b. The oversight body oversees the entity's internal control system.
- c. Management establishes an organizational structure, assigns responsibility, and delegates authority to achieve the political subdivision's objectives.
- d. Management demonstrates a commitment to attract, develop, and retain competent individuals.
- e. Management evaluates performance and holds individuals accountable for their internal control responsibilities.

2. Risk Assessment

- a. Management defines objectives clearly to enable identification of risks and defines risk tolerances.
- b. Management identifies, analyzes, and responds to risk related to achieving the defined objectives.
- c. Management considers the potential for fraud when identifying, analyzing, and responding to risks.
- d. Management identifies, analyzes, and responds to significant changes that could impact the internal control system.

3. Control Activities

- a. Management designs control activities to achieve objectives and respond to risks.
- b. Management designs the political subdivision's information system and related control activities to achieve objectives and respond to risks.
- c. Management implements control activities through policies

4. Information and Communication

- a. Management uses quality information to achieve the political subdivision's objectives.
- b. Management internally communicates the necessary quality information to achieve the political subdivision's objectives.
- c. Management externally communicates the necessary quality information to achieve the entity's objectives.

5. Monitoring

- a. Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
- b. Management remediates identified internal control deficiencies on a timely basis.

THEREFORE BE IT RESOLVED THAT the Board of School Trustees adopts the Uniform Internal Control Standards for Indiana Political Subdivisions as the control standards for Franklin Community Schools.

This resolution was duly made, seconded, and adopted this 13th day of April, 2026.

President

Secretary

Internal Controls Staff Training

All Franklin Community Schools employees share responsibility for internal control compliance within the scope of their assigned duties. This aligns directly with State guidance language. After June 30, 2016 IC 5-11-1-27(g) provides that the School Board of School Trustees adopt the minimum internal control standards. Additionally each employee must receive training concerning the internal control standards and procedures that were adopted per IC 5-11-1-27(f). This training is completed annually via the CIESC Compliance Training Portal . The Chief Financial Officer certifies annually to the Indiana State Board of Accounts that each employee has completed training. Business Office employees attend IASBO trainings throughout the year to ensure up-to-date compliance, knowledge and changes in Federal/State requirements.

Each employee of the Corporation is responsible for understanding and complying with internal control procedures applicable to their position. Supervisors are responsible for ensuring staff are trained and adhere to established procedures. Failure to comply with internal control standards may result in corrective or disciplinary action.

Data System Security and Access to Records

The School Corporation employs numerous information systems for financial processes, human resources management, student processes, and reporting. In order to maintain effective controls over these systems, access to them must be controlled and monitored. Policy dictates that departments are responsible for ensuring that access to information systems is granted only to those employees who must use the specific information contained in those systems to conduct business.

To ensure the integrity, confidentiality, and availability of financial and operational data, the Corporation maintains the following information technology controls:

- Regular system data backups with secure storage.
- Disaster recovery procedures designed to restore critical systems in the event of system failure, cyber incident, or emergency.
- Change management procedures for financial and payroll software updates, including testing and approval prior to implementation when applicable.
- Periodic review of user access permissions to ensure access remains appropriate based on job responsibilities.
- Immediate removal or modification of system access upon employee termination or position change.

Bonding Requirements

Indiana Code 20-26-4-5 requires that any individual whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to a school corporation shall produce a bond for the faithful performance of the Corporation Treasurer, Corporation Deputy Treasurer, or individual's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the governing body.

Positional bonds will be purchased to endorse the faithful performance of all employees and individuals acting on behalf of the school corporation that will include an aggregate coverage sufficient to provide coverage amounts specified for each position. All positional bonds are effective July 1 and continue through June 30.

Bonds will be reviewed annually by the Chief Financial Officer to make sure that all positions that should be covered are adequately covered. The Chief Financial Officer, acting as the Corporation Treasurer, and the Deputy Treasurer will be required to produce an individual bond annually.

Fraud

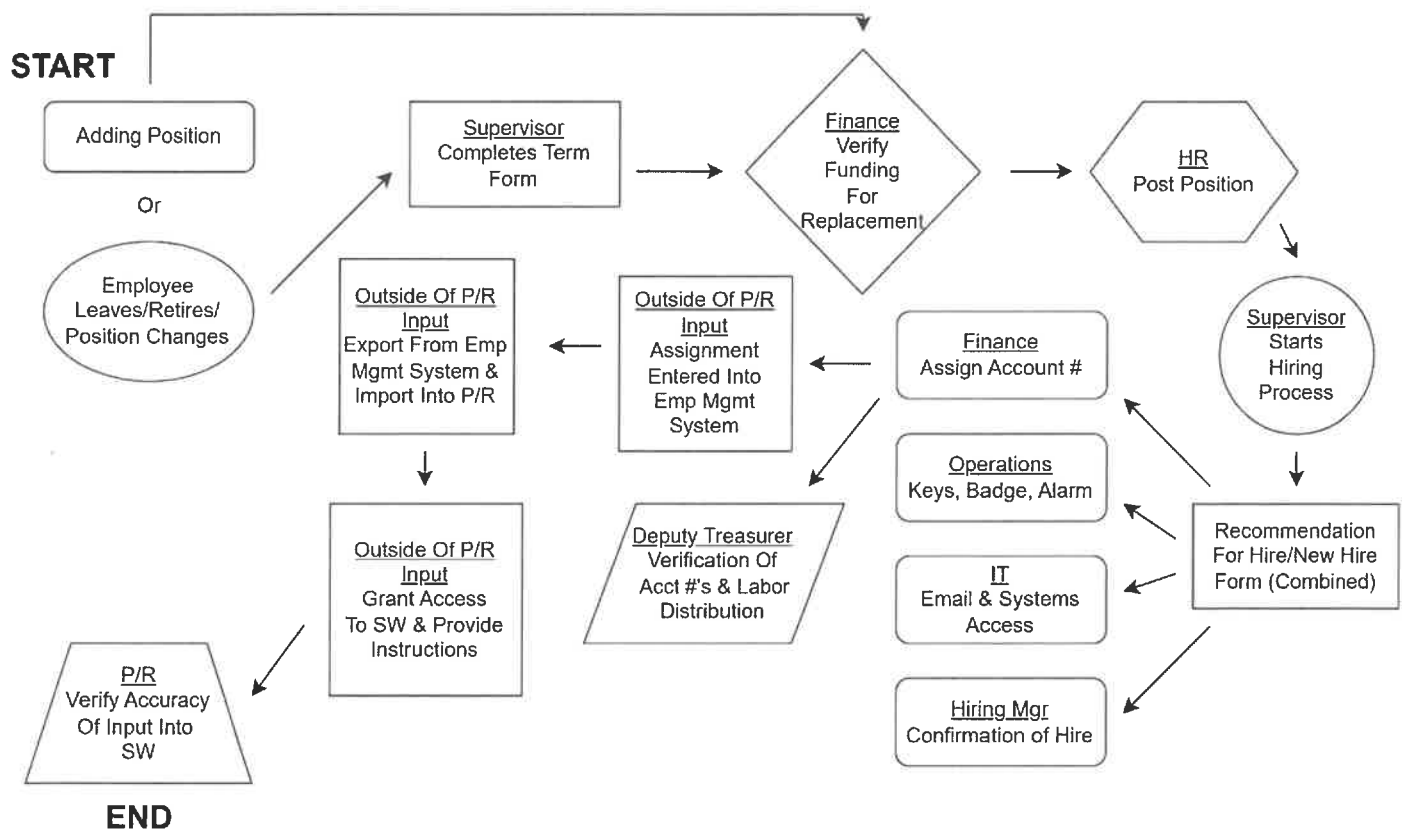
If fraud is suspected, the following procedures are to be followed:

Initial communications:

- Notify Superintendent, CFO, Internal Controls Coordinator, & other key personnel
- Consult legal counsel
- Notify Board of School Trustees & State Board of Accounts

After this initial communication, a meeting will take place with the above mentioned parties to determine the next course of action.

Workflow for new hire/position change/termination of employees



Retention of Records

<https://www.in.gov/iara/>

Cash receipt/deposit procedures

See other sections for Business Office and ECA Treasurer procedures.

Cub Academy - Bi weekly or monthly payments can be paid electronically using the SchoolPay website. Parents can also choose to pay by cash, check, or MO's; this money is given to the classroom teacher or assistant and a receipt is written to give to the parent. The money and receipts are then taken to the office and

put in a safe. The building treasurer collects the money and receipts from the safe and deposits into the corporation's extended education bank account on a daily basis. Upon return from the bank the building treasurer puts the bank receipt and the individual payment receipts into the inter corporation pony mail and sends to the Cub Academy Administrative Assistant who then reconciles the payments and credits the students individual accounts. The CA Administrative Assistant prepares and sends daily batch sheets to the corporation's Assistant Deputy Treasurer, who checks for accuracy and enters the receipts into Skyward. The Assistant Deputy Director then sends the batch sheets to the Deputy Treasurer for monthly reconciliation to the extended education bank statement.

Lunch Money – Student lunch, breakfast, and ala carte fees may be paid electronically using the online student Meal Magic Family Portal. Each student's guardian has an individual user id and password to login to his/her child's account. Below is how cash, check, and MO's are handled at the elementary and secondary schools:

Elementaries - cash, check, and MO's are collected by the classroom teacher and delivered to the cafeteria by each day. The money is credited into the individual student account by the cafeteria manager and deposited in the bank the same day. If the payments are delivered after the cafeteria closes for the day, the payments are placed in the manager's mailbox and posted the following day. Students in these grades can also take the money directly to the lunch cashier like described below.

CBIS, FCMS, FCHS - Students hand the cashier money at breakfast or lunch, the money is immediately deposited into the individual students account at the register. The cafeteria manager reconciles the money received with register tapes and deposits are made daily to the bank.

Guardians are able to access account balances, transaction history, as well as make online payments. All payments are posted to each student's account daily.

Purchasing and Expenditures

See other sections for Business Office and ECA Treasurer procedures.

Credit Card/BMO Procurement Overview

Below is an overview of the credit card/BMO procurement program. The complete manual is on file with the Account Payable Specialist. Each building treasurer and the person responsible for purchasing for each department in the corporation also has a complete copy of the manual.

A Procurement Card Program has been established to provide a more rapid receipt of low dollar items and to reduce the paperwork and handling costs associated with the payment of these purchases. The Procurement Card Program delegates the authority and capability of purchasing low dollar items directly to designated cardholders, allowing them to acquire materials faster and more efficiently than before.

Under the Procurement Card Program it will no longer be necessary for the cardholder to create a purchase requisition for qualifying items under the total cost of \$100. Instead, you may directly purchase these items with a procurement card. Cardholders may now initiate a transaction in-person, by telephone, or online within established limits, and receive goods. The Business Office will make periodic settlements with the financial institution responsible for issuing the procurement cards (the "card issuer").

The procurement card enables cardholders, site and Business Office staff to perform more effectively and focus on the value-added aspects of their jobs by:

- Reducing time needed to purchase and receive supplies
- Reducing paperwork (number of requisitions & purchase orders)
- Reducing supplier/vendor invoices
- Reducing invoicing problems
- Reducing the number of accounts payable checks issued

The Procurement Card Program is NOT intended to circumvent or replace the standard purchasing procedures of the Corporation. It is every employee's responsibility to be aware of and comply with the Corporation's procedures on purchasing.

In brief, a procurement card IS:

- Authority granted by Franklin Community Schools to specific employees for official school corporation use only
- Authorized for use with only certain categories of vendors and products/services
- A restricted use credit card

A procurement card IS NOT:

- A means to avoid appropriate purchasing or payment procedures
- A card to access cash or credit
- A right of employment
- For personal use

Corporation Accounting System

The accounting system encompasses the methods and records established to identify, assemble, analyze, classify, record, and report the Corporation's transactions and to maintain accountability for the related assets and liabilities. An effective accounting system gives appropriate consideration to establishing methods and records that will:

- Identify and record all valid transactions.
- Describe on a timely basis the transactions in sufficient detail to permit proper classification of transactions for financial reporting.
- Measure the value of transactions in a manner that permits recording the proper monetary value in the financial statements.
- Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period; and present properly the transactions and related disclosures in the financial statements.
- The Corporation encourages ACH payments rather than processing checks and mailing.
- Independent review of financial reports prior to submission to regulatory agencies.
- Reconciliation of subsidiary records to the general ledger.
- Review and approval of adjusting journal entries.
- Verification that financial reports comply with applicable accounting standard requirements.

Financial reports submitted through Gateway or other state reporting systems are reviewed by appropriate personnel prior to certification and submission.

Disposition of Old Outstanding Checks

No later than March 1 of each year, the Assistant Deputy Treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding year. The original copy shall be filed with the school corporation bank records and the duplicate copy maintained by

the Assistant Deputy Treasurer. The Assistant Deputy Treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the Operations Fund. Each list prepared must show:

- The date of issue of each check
- The fund upon which the check was originally drawn
- The name of the payee
- The amount of each check issued
- The total amount represented by the checks listed for each fund

Corporation Accounting Activities

Daily Procedures

Cash Receipt Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Sorts and date stamps mail, & write receipts ● Receive money, issue official receipts 	Receptionist Central Office Receptionist, Assistant Deputy Treasurer
<ul style="list-style-type: none"> ● Prepare bank deposits ● Take deposits to bank ● Enter and post receipts ● Access to computer system to make receipt adjustments ● Approves adjustments 	Assistant Deputy Treasurer Assistant Deputy Treasurer Deputy Treasurer Deputy Treasurer Assistant Deputy Treasurer

Cash Disbursement Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Receipt of W-9 for all vendors 	Building Treasurer/Department Secretary & Accounts Payable Specialist
<ul style="list-style-type: none"> ● Authorize purchases ● Prepare requisitions for purchase orders ● Certify receipt of goods or services 	Building Principal or Department Supervisor Building Treasurer or Department Secretary Building Treasurer or Department Secretary and person who requested purchase
<ul style="list-style-type: none"> ● Approve/sign off on PO or claim form 	Building Treasurer/Department Secretary & Building Principal/Department Supervisor
<ul style="list-style-type: none"> ● Prepare PO or claim for payment, scan into computer system AP ● Audit claims - reviews invoices/receipts attached to each PO/claim to support disbursement of funds 	Building Treasurer or Department Secretary Accounts Payable Specialist
<ul style="list-style-type: none"> ● Approve payments ● Checks generated by accounting system ● Post checks ● Checks are signed by CFO - automated 	Deputy Treasurer Accounts Payable Specialist Accounts Payable Specialist
<ul style="list-style-type: none"> ● Mail checks or send payment via ACH ● Access to computer system to make 	Accounts Payable Specialist Deputy Treasurer - Adjusting journal entries require

- adjustments if needed
- Transitions program for petty cash

approval from the CFO or Deputy Treasurer
High School Treasurer

Payroll Activities	Employee Performing Procedure
<ul style="list-style-type: none"> • Vacation and sick leave records, verify and approve time sheets weekly • Input corrections to recorded time • Prepare payroll claims & approve claims • Calculate and verify deductions • Verifies bi-weekly payroll report prior to being generated to bank • Generate payroll to bank - all payroll is direct deposited • Prepare earnings & deductions reports • Authorizes payroll changes (new hires, position change, terminations) • Corporation does not accept email requests to change banking information without phone verification from employee • Checks payroll change form 	<p>Individual employee submits time off in computer system, building treasurer or department supervisor approves time off, Payroll Specialist verifies</p> <p>Payroll Specialist Accounts Payable Specialist Assistant Deputy Treasurer Payroll Specialist, Deputy Treasurer, & Assistant Deputy Treasurer Payroll Specialist</p> <p>Payroll Specialist Human Resources & Deputy Treasurer</p> <p>Payroll Specialist</p> <p>Human Resources & Payroll Specialist</p>

Monthly procedures

Cash Activities	Employee Performing Procedure
<ul style="list-style-type: none"> • Receive bank statement online or by regular mail, open or print • Processes bank statement and accounting system reconciliation • Check clearing account balances for the month • Update investment report • Prepare Food Service analysis of 6 month operating cash balance • Balance revenue to receipts • Close month in accounting system 	<p>Assistant Deputy Treasurer</p> <p>Assistant Deputy Treasurer</p> <p>Assistant Deputy Treasurer Deputy Treasurer Deputy Treasurer</p> <p>Deputy Treasurer Deputy Treasurer</p>

Cash Disbursement Activities	Employee Performing Procedure
<ul style="list-style-type: none"> • Prepare monthly docket for board meeting & run voucher register for docket • Organize claims and verify claim total • Approve claim docket • Approve claims in accounting system - (see daily procedures for more details) 	<p>Accounts Payable Specialist</p> <p>Accounts Payable Specialist School Board of Trustees Deputy Treasurer</p>

Other Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Process cash flow reports ● Prepare grant reimbursement forms & run grant expenditure reports ● Balance appropriations with budget & cash by fund 	<p>Deputy Treasurer Assistant Deputy Treasurer</p> <p>Deputy Treasurer</p>

Payroll Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Prepare and submit the federal tax deposit to the IRS within 24 hours after the payroll date ● Prepare & pay WH-1 form online on or before the 20th (State & county monthly payroll taxes) ● Enter leaves & terminations in accounting system ● Submit TRF & PERF files to INPRS - after each payroll ● Processes payment to INPRS ● Enter leaves & terminations in INPRS 	<p>Assistant Deputy Treasurer</p> <p>Assistant Deputy Treasurer</p> <p>Human Resources & Payroll Specialist</p> <p>Assistant Deputy Treasurer & Payroll Specialist</p> <p>Assistant Deputy Treasurer</p> <p>Human Resources & Payroll Specialist</p>

Quarterly procedures

Cash Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Prepare & submit Federal interest report 	<p>Assistant Deputy Treasurer</p>

Other Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Prepare & submit CE report to DOE ● Print CE report and prepare file for transmission ● Prepare & submit CP report to DOE via STN 	<p>HS Principal</p> <p>Data & Testing Specialist</p> <p>Data & Testing Specialist</p>

Payroll Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Print 941 reports from accounting system ● Prepare Form 941 ● Print vendor reports for payroll & EFTPS ● Print reports of payroll tax calculations for the quarter ● Review Form 941 & sign form ● Review & sign all back up documentation ● Prepare/print/upload SUTA reports & 	<p>Payroll Specialist</p> <p>Assistant Deputy Treasurer</p> <p>Payroll Specialist</p> <p>Payroll Specialist</p> <p>CFO & Deputy Treasurer</p> <p>Deputy Treasurer</p> <p>Payroll Specialist</p>

electronically file through accounting system

Semi-annual procedures

Other Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Prepare Form 9 ● Print & verify all required reports ● Prepare debt analysis for 6 month period ● Review Form 9 in detail and sign 	Deputy Treasurer Deputy Treasurer Deputy Treasurer CFO, Deputy Treasurer, Superintendent, & School Board President
<ul style="list-style-type: none"> ● Report ADM to DOE September & February 	Student Database Specialist
<ul style="list-style-type: none"> ● Prepare attendance report & send to Admin 	Student Database Specialist

Payroll Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Prepare Form 100R, print, & electronic file through accounting system 	Payroll Specialist
<ul style="list-style-type: none"> ● Review & sign Form 100R and all back up documentation 	CFO & Deputy Treasurer
<ul style="list-style-type: none"> ● Submit Form 100R to Gateway 	CFO

Fiscal year end & other annual procedures

Other Activities	Employee Performing Procedure
<ul style="list-style-type: none"> ● Prepare annual financial report ● Balance appropriation w/ budget order & funds 	Deputy Treasurer - reviewed by CFO Deputy Treasurer
<ul style="list-style-type: none"> ● Prepare budget ● Free & reduced applications 	CFO Food Service Assistant - reviewed by Food Service Director
<ul style="list-style-type: none"> ● Audit of free & reduced applications ● Bidding procedures & post bid in newspaper ● Bid opening 	Food Service Director CFO Department Head/Executive Director of Operations/CFO
<ul style="list-style-type: none"> ● Award bid ● Oversee work ● Prepare claims for payment 	School Board CFO & Executive Director of Operations Department Secretary & Account Payable Specialist
<ul style="list-style-type: none"> ● Prepare, print, & submit CE, CP, & NE reports electronically 	Data & Testing Specialist
<ul style="list-style-type: none"> ● Review & update corporation policies/ administrative guidelines 	Superintendent - reviewed & approved by School Board
<ul style="list-style-type: none"> ● Review & update the classified employee handbook 	Human Resources & Superintendent - reviewed & approved by School Board

Calendar year end procedures

Cash Activities	Employee Performing Procedure
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- Present the annual report CFO

Cash Disbursement Activities	Employee Performing Procedure
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- Prepare forms 1099 Accounts Payable Specialist
- Update W-9 file Accounts Payable Specialist
- Review calendar year vendor reports & balance vendor report to 1099 report Accounts Payable Specialist
- Print 1099 forms Accounts Payable Specialist
- Review 1099 & 1096 prior to mailing Deputy Treasurer
- Review outstanding PO's & void if necessary Accounts Payable Specialist
- Make YE appropriation adjustments within Funds Deputy Treasurer & CFO - School Board reviews & approves

Other Activities	Employee Performing Procedure
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- Prepare 1095-C forms & reconcile with Anthem monthly billing; make 1095-C forms available to employees through accounting system Human Resource Department
- Review reports and check accuracy of 1095-C forms HR Assistant
- Close year end in accounting system Deputy Treasurer
- Posting of financial advisor/municipal advisor Contracts on FCS website Chief Financial Officer

Payroll Activities	Employee Performing Procedure
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- Process calendar year wage & payroll deduction reports from accounting system Payroll Specialist
- Accounting system prepares W-2's Assistant Deputy Treasurer
- Balance W-2's Assistant Deputy Treasurer
- Review & approve W-2 balancing report Deputy Treasurer
- W-2's are available to employees electronically through accounting system Payroll Specialist
- Transmit W-2 files to state and federal governments Payroll Specialist

Gateway Reporting Activities	Employee Performing Procedure
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- Other post employee benefits report - prepare & review data from accounting Human Resource Department & Deputy Treasurer, Deputy Treasurer submits

- | | |
|--|--|
| system | |
| <ul style="list-style-type: none"> ● Prepare & submit debt management reports ● Economic development report ● ECA risk report | Deputy Treasurer/CFO submits
Chief Financial Officer
Building Treasurer completes, ECA Coordinator verifies reports, Deputy Treasurer enters into Gateway, & CFO submits reports
Deputy Treasurer & CFO |
| <ul style="list-style-type: none"> ● Prepare & review data for annual financial report ● Prepare data from contract & account system to prepare collective bargaining report | Human Resource Department & Deputy Treasurer |
| <ul style="list-style-type: none"> ● Collective bargaining upload data from CBA & bargaining status form (pre-impasse) | Human Resource Department & Superintendent |
| <ul style="list-style-type: none"> ● Uploading of contracts > \$50,000 | Chief Financial Officer |

Building Treasurer Extracurricular Accounting Duties

Extracurricular accounts are monitored at the building level by the Building Principal and Extracurricular Treasurer for authorized clubs and activities. Each building has different sources and uses for their activity funds, but all follow the same processes listed to control and verify their use.

Separation of Duties -

Part of the control activity component is segregation of duties. An individual should not be permitted to initiate, approve, undertake and review the same duty. Separating the ability to record and authorize reduces the risk of error and/or fraudulent activities. In a school setting, segregation is not practical due to the limited number of staff available. Therefore, compensating activities will be utilized. This includes the principal reviewing and approving ECA purchases, reports, and bank statements. For revenue purposes, Summary Collection (SA-8) and Ticket Sales (SA-4) Forms are completed by the staff member turning in the money for deposit.

The ECA Coordinator/Internal Controls position monitors the segregation of duties by verifying monthly reports and bank statements, periodically checking monthly credit card/procurement card statements and proper documentations, and performing yearly mini audits. In addition, the ECA Treasurer shall report internal control issues identified while executing their duties. These issues will be documented and evaluated by the Internal Controls position and Chief Financial Officer. Corrective actions will be implemented if needed.

Daily Processes – IC 20-40-1-3 the treasurer shall receive, receipt, deposit, and account for and disburse all funds flowing through the extracurricular accounts. All transactions will be reviewed and signed by the building administrator.

Receipts - A receipt is to be issued for any and all money received. The cash receipts collected by and for the benefit of any activity fund should be in charge of some designated official or sponsor of the activity, until turned over to the treasurer of the extracurricular account. A receipt is to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt. The receipt must be signed by the extra-curricular treasurer or collecting authority.

Bank Deposits – IC 20-41-1-9 States the treasurer shall deposit all receipts in one bank account without unreasonable delay.

Purchasing and Receiving Functions - Purchase orders or claim form shall be created at the approval and direction of the building administrator. Compensation and any other payments for goods and services should not be made in advance of receipt of the goods or services unless specifically authorized by statute. Orders will be checked in by the teacher/club sponsor. An approved invoice and signature of receipt will be attached to the purchase order.

Expenditures and Endorsement of Checks – IC 20-41-1-4 Expenditures by the treasurer of the extra-curricular account are limited to those approved by the principal of the school and they should be in accordance with general administration policies of the school corporation since the law provides that all expenditures shall be subject to review by the local school board. Unless specifically authorized by statute, payments made for goods or services which are not received shall not be made. Payments made in advance of receipt of goods and services may be the personal obligation of the responsible official or employee. Proper documentation must accompany the purchase order or claim form prior to payment. All checks will be signed by both the extracurricular treasurer and a building administrator.

Monthly Processes

The treasurer verifies the following has been completed monthly

- Claims are properly executed with all supporting documentation attached
- Receipts have been properly executed with all supporting documentation attached
- Receipts balance to the financial software system
- Bank statement balances to the financial software report, Summary of Receipts and Expenditures

Fund balances – The extracurricular treasurer should advise the activity sponsor periodically, preferably monthly, of the current balance in the fund of their activity.

Bank Reconciliation - IC 5-13-6-1(e) The bank statement shall be reconciled to the financial software, by the 15th day of the following month. Each treasurer keeps a copy of the month end reports and bank statement reconciliation and forwards a copy to the ECA Coordinator who verifies the accuracy of the reconciliation and signs off on each month. Upon approval, the ECA Coordinator then scans each school's monthly statements and reconciliations to the Deputy Treasurer who then uploads them into Gateway.

Yearly Processes

Gateway ECA Risk Report/Financial Report - is a part of the financial reports required to be filed by the Chief Financial Officer per IC 5-11-1-4 and has been designed as the tool for school corporations to provide the risk based criteria for their extracurricular accounts (ECAs) to allow SBOA to evaluate for an appropriate level of risk. This report includes beginning balance, receipts and expenditures, along with questions designed to determine the risk level at each school building. The reporting period runs from July 1st through June 30th each year. It is due near the end of August. Each school building's ECA report is submitted to the Chief Financial Officer in mid June and is available for the Board of School Trustees to review prior to being submitted through Gateway in August.

Cash Handling Practices

Money collected for athletic teams, field trips, or any other school based activities shall be collected and recorded by the coach/teacher/sponsor. The individual collecting and recording the monies will present them to the treasurer and complete a Summary of Collection (SA-8 Form) with total amount collected and documentation of who and type of currency turned in.

Athletics -

Since most events take place in the evening hours or on weekends when the ECA Treasurer is not scheduled to work, a safe is maintained by the Athletic Director or Event Supervisor to lock

up the proceeds from the game or event. The following business day, the Athletic Director or Athletic Secretary will complete a Ticket Sales (SA-4 Form) with the total amount of sales and submit the form to the Treasurer.

Concessions -

Internal controls include a regular reconciliation of the inventory, purchases, distributions, items sold and ending inventory to the amount received.

Ticket Taking -

Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extracurricular activities and events which admission is required. These tickets shall be two parts or able to be scanned with one part going to the person paying for admission, and the other part being retained as part of the financial accounting of the event.

Tickets for each group shall be different colors and or different series numbers.

The treasurer shall be responsible for the proper accounting of all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. (Form SA-4)

The treasurer shall account for all unused tickets from a numbered roll.

Credit Card/Procurement

Each school has their own ECA credit cards to be used for purchases. The Board of School Trustees adopted a resolution in 2022 authorizing issuance of extra-curricular account credit cards. Credit card balances are paid in full each month. Transactions and documentation paperwork are audited periodically. The schools follow the same procedures as printed in the procurement card procedure manual that each building treasurer has a copy of.

Gift Cards

No gift cards can be purchased using ECA funds.

Donations

The acceptance of extracurricular donations shall have approval by the Board of School Trustees.

Fundraisers

All FCS fundraising forms must be submitted to the building Principal and approved prior to being approved by the Superintendent.

Processing of Personnel Payments

School Employee – Pay of personnel for services at an after hour school event such as ticket takers, scoreboard keeper, concession supervisor, etc., are expenses and shall be paid from the proceeds of the activity sponsoring the event from their extracurricular account. A claim form shall be completed for each employee who worked by the sponsor of the event and submitted to the building treasurer. The treasurer will process a check deducting the funds from the sponsoring ECA account. Make the check payable to the School Corporation, and submit to the Corporation Payroll Department for processing through the financial software to be included on the employee's paycheck.

Non-Employee – All non-employees shall be paid by claim once a W-9 form has been obtained and entered into the financial system software. Non-employee Athletic event workers are paid through the Eventlink website. Eventlink collects the individual's W-9 and submits payment to them.

Disposition of Old Outstanding Checks

No later than March 1 of each year, the ECA Treasurers shall prepare or cause to be prepared a list in

duplicate of all checks outstanding for two or more years as of December 31 last preceding year. The original copy shall be filed with the board of finance of the school corporation and the duplicate copy maintained by the ECA Treasurer. The ECA Treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the General Fund. Each list prepared must show:

- The date of issue of each check
- The fund upon which the check was originally drawn
- The name of the payee
- The amount of each check issued
- The total amount represented by the checks listed for each fund

Inventory and Asset Management

An inventory will be maintained on all equipment and capital outlay items exceeding \$5,000.00 in value. The inventory will serve the functions of both control and conservation. For each item that exceeds \$5,000, an asset tag will be attached to the item and recorded in the Skyward inventory system for tracking purposes.

The technology coordinator shall be responsible for assuring the maintenance of a comprehensive inventory of administrative and instructional computer hardware and software.

The running inventory shall be maintained on 1) building and grounds equipment; 2) furniture; 3) administrative equipment; 4) educational equipment; and 5) vehicles.

The maintenance supervisor and business manager shall be responsible for inventories relative to buildings and grounds equipment and vehicles. The building principal and business manager shall be responsible for the inventories relative to furniture, administrative equipment, and educational equipment.

Deputy Treasurer performs an annual review by sending the Dept Heads and Principals a listing of inventoried equipment in their department or building. The Dept Head or Principal is responsible for confirming the accuracy of the report and that the items can be located. Any adjustments that need to be made are noted on those reports and returned to the Deputy Treasurer for entry into the system.

Inventory items that have reached the end of their useful life will be presented to the School Board for approval of disposal.

State and Federal Programs

The district receives a number of state and federal grants which support various activities of the district. Those include the following:

- Title I, II, III, VI
- IDEA: Section 611 & 619 (Federal Special Education Grant)
- Perkin Federal Grant
- Secured School Safety
- Career and Technical Education
- High Ability
- Non-English Speaking Grant (NESP)
- McKinney-Vento Homeless Assistance Grant
- Any Other State or Federal Grants

All school employees who participate in grant awards are expected to comply with the following standards:

- 1.) Follow the grant guidelines as listed on the Grant Award Letter. For federal awards, the district abides by the Education Department General Administrative Regulations(EDGAR). Verify reporting requirements, amendments, and deadlines are followed.
- 2.) Verify if the grant is reimbursable after expenses incurred or if the grant is payable via cash request by the submission of the proper request form.
- 3.) Be sure to keep documentation on all expenditures and personnel transactions.
- 4.) As with all grants, follow the five (5) internal controls cited in the [Uniform Internal Control Standards for Indiana Political Subdivisions](#) which include the following:
 - a. Documented segregation of duties
 - b. For State and Federal reports, reimbursement requests, and bank reconciliations, for example, the SBOA will be looking to see if the document(s) have been reviewed (initialed) by a second party, other than the preparer.
 - c. Verification that all expenditures are allowable under the grant guidelines. All other local grants will follow the grant award guidelines.
- 5.) Monitor fiscal activity at least monthly to ensure accounts are not overspent and to verify funds are not used in violation of state and/or federal restrictions. Submit reimbursement requests on a monthly basis.

Federal Cash and Financial Management

The district's financial management system and records will be sufficient for preparing required reports and for tracing expenditures to a level that establishes funds have been used according to federal statutes, regulations, and the terms and conditions of the federal award. This is in addition to maintaining a system of funds and accounts in accordance with state law and the accounting manual.

The district's financial management system will:

- Identify all federal awards received and expended, including specific information pertaining to the award: federal program name; CFDA title and number; identification number and year; and name of federal and any pass-through agency.
- Provide for accurate, current, and complete disclosure of the results of each federal award in accordance with reporting requirements.
- Include records and supporting documentation that identify the source and application of funds for federally funded activities, including authorizations, obligations, unobligated balances, expenditures, assets, income and interest.
- Enable the district to maintain effective internal controls to ensure accountability and proper safeguarding and use of all funds, property and other assets (for example, adequate segregation of duties).
- Provide a comparison of expenditures with budget amounts for each federal award.

In order for the district to comply with federal regulations for grant recipients, the assistant superintendent will implement written procedures for 1) cash management; and 2) determining the allowability of costs in accordance with Cost Principles and the federal award terms and conditions.

Cash Flow Management

The district shall draw federal funds using a reimbursement method. Reimbursement requests are prepared once a month by the Assistant Deputy Treasurer, and reviewed by the Assistant Superintendent or CFO. After review, reimbursement requests are submitted by the 15th of each month.

School Nutrition Program

Daily Procedures

Patrons are able to deposit money into their 'lunch account' in the Meal Magic/Point of Sale (POS) to purchase meals and ala carte. The account is then used each day for purchases and is drawn down for the amount of the purchases. All money taken in is then deposited daily into the bank by a Cafeteria Manager.

1. Deposits into a patron's lunch account are made at the POS by the Cashier.
2. Each Cashier's station is counted at the end of the day by the cashier and totals are entered into the POS close-out screen and a cash-out report for each station is printed which lists the total of cash, coin and checks.
3. The money is then combined into one total deposit and the total is recorded on the deposit slip and initialed by the Cafeteria Manager. The money is then counted again to ensure accuracy by the Cafeteria Manager. The daily Sales Activity Sheet is printed and is checked against the deposit for accuracy and initialed by the Cafeteria Manager. A copy is kept on file at the school and a copy is sent to the Director of Food Services.
4. A deposit ticket is completed and the cash and coin is placed in a bank bag for pickup by the Cafeteria Manager.
5. The Cafeteria Manager takes deposits to bank. The bank opens the deposit, counts the deposit and gives the Cafeteria Manager the deposit ticket. The deposit ticket is then given to the Food Service Office Assistant the next day.
6. The daily deposit report, deposit ticket, and cash-out report are checked by the Director of Food Service for accuracy and initialed.
7. The Food Service Office Assistant then enters the data into Skyward and initials.

Food Service Month End Processes

At the end of each month, the Director of Food Services in conjunction with the Central Office Staff (COS) complete procedures to close the month.

1. The bank statement is then cross checked for all online payments by the Assistant Deputy Treasurer and any outstanding deposits in transit are highlighted and totaled.
2. The monthly spreadsheet from the POS is printed that reflects the daily activity.
3. The total for each Account Type (i.e. Student Lunch, Student Breakfast, etc.) referenced on the Z-report is entered into the 800 Fund of the Financial Accounting Software by the Food Service Office Assistant.
4. The total change to Prepaid Food in Trust is entered into the 8400 Fund of the Financial Software by the Deputy Treasurer. The balance of 8400 Fund is then compared to the actual balance of Patron Accounts from the POS on the last day of the month.
5. Any catering, rebates or miscellaneous receipts deposited by the Food Service Office Assistant are entered into the 0800 or 1780 Fund of the Financial Accounting Software by the Food Services Office Assistant.
6. The Director of Food Services and Assistant Deputy Treasurer then sends the bank statement and patron deposit information to the Business Manager for reconciliation.
7. Director of Food Services prints out meal count spreadsheet from POS.
8. Director of Food Services enters meal totals into CNP web claim site.
9. Director of Food Services prints out copy of claim and submits to Food Services Office Assistant for review.

End of the Fiscal Year Process

At the end of the Fiscal Year, the Director of Food Services completes reports to close out the school year along with storage and destruction of appropriate records.

1. The Director of Food Services and the Assistant Deputy Treasurer completes the Annual

Financial Report (AFR) using info gathered from the Meal Magic/POS software and other financial reports from the Financial Accounting Software.

2. The AFR is given to the Chief Financial Officer for review and signature.
3. Before September 1st, the AFR is submitted online to the Department of Education through the CNP web.
4. The approved copy is printed and given to the Chief Financial Officer for signature.
5. All paperwork from the school year is placed in storage for 3 years plus the current year.

Prepaid Food in Trust Description

Patrons are able to deposit money into their lunch accounts in excess of their purchases for future use (Prepaid Food in Trust) at the Point of Sale (POS) or through an E-Payment Vendor online. This money does not actually belong to the Food Service Account until items have been purchased. The money must be accounted for in a separate fund until it has been used for purchases.

1. All deposits to patron accounts are accounted for in the POS system daily and broken down by the POS by actual Sales or Prepaid Food in Trust.
2. At the end of the month, the POS system generates the spreadsheet of the daily activity for the month including the change to Prepaid Food in Trust and is printed out by the Director of Food Services.
3. The total for each Account Type (i.e. Student Lunch, Student Breakfast, etc.) is entered into the 8400 Fund of the Financial Accounting Software by the Food Services Office Assistant.
4. The total change to Prepaid Food in Trust is entered into the 8400 Fund of the Financial Software by the Assistant Deputy Treasurer.
5. The balance of the 8400 Fund should equal the balance of all Patron Accounts.
6. The balance of 8400 Fund is then compared to the actual balance of Patron Accounts from the POS on the last day of the month and a printout is given to the Assistant Deputy Treasurer that reconciles the bank statement.

Food Service Bad Debt/Patron Balance Write Off Procedure

F175 COLLECTION AND FORGIVENESS OF DEBT

The Board understands it is required to collect all monies owed to it by patrons, employees, parents and students, including money owed through student lunch accounts and other extracurricular accounts. Every effort should be made by the school administration to collect the monies owed to the school corporation including collection procedures. Such efforts must be documented by school administration before the debt is forgiven, waived, or written off of the school corporation accounts and considered an uncollectable account.

The school corporation may forgive, waive, or write-off all or a portion of the debt if one of the following conditions is met:

1. The school administration determines that the student or the parent or guardian of the student is unable to pay the debt;
2. The payment of the debt could impact the health or safety of the student;
3. The cost to pursue and collect the debt from the student and his/her parents would cost more than the potential total debt collected; or
4. There are mitigating circumstances as determined by the superintendent that preclude the collection of the debt.

Every decision to forgive, waive, or write-off a debt must be documented and include the specific fact for the decision relating to one of the above stated reasons. If the uncollectable debt is a student lunch account, it cannot be an expense to the school food service account and must be covered by non-Federal funds.

The Superintendent may develop regulations addressing specific situations relating to the above

conditions. In the cases where a positive balance exists in the accounts, every effort must be made by the school administration to return the positive balance to the account holder when the person is no longer in the school corporation. If attempts made to refund the balance have been unsuccessful, the balance should be transferred to the corresponding school fund Lunch Angel.

Food Service Board Approval for Student and Staff Meal Prices

The School Board approves any changes in Student and Adult Meal Prices. Also, each school year the School Food Authority (SFA) is charged with calculating their paid lunch price increase requirement to meet the requirements in Section 205 of the Healthy, Hunger-Free Kids Act of 2010. The PLE Tool was created to help with the calculation. The completed PLE Tool is required to be sent to the Department of Education each school year.

1. The PLE tool is completed each spring to determine if a price increase is required. An exemption from raising prices can be requested if certain criteria are satisfied.
2. A student meal price recommendation is then submitted to the School Board for approval.
3. Adult lunch prices are required to be equal to or higher than the total cost of a high school student meal.
4. Adult prices are assessed each spring and based on the recommendation for student lunches, is calculated and submitted to the School Board for approval.

Separation of Duties

Internal Controls are set in place to provide for separation of duties and to ensure the integrity of the Food Service Program.

Bank Reconciliation

- 1.1. Performed by the Assistant Deputy Treasurer.
- 1.2. The Food Services Office Assistant matches all online deposits made to the Point of Sale (POS) online and reports any deposits in transit to the Assistant Deputy Treasurer.
- 1.3. Daily POS transactions are posted at the end of the month by the Food Services Office Assistant into the Financial Accounting Software.
- 1.4. The Assistant Deputy Treasurer and Deputy Treasurer reconcile the bank statement.

Purchasing and Receiving

Food and supplies

Food Bids are advertised and awarded to one single prime vendor by the Director of Food Services and through the Food Services Cooperative in May through the Regional Service Center. Food orders are placed by Cafeteria Managers using an order guide pre-approved by the Director of Food Services. Small purchase items not on the bid are placed by the Food Service Office Assistant in conjunction with the Director of Food Services.

The Cafeteria Manager checks in all food deliveries.

Contracts

- 1.1. Any items over the \$150,000 threshold will be bid with the assistance and guidance of the Chief Financial Officer.
- 1.2. All invoice pricing is double checked against bid and quoted prices by the Director of Food Services. 2. Expenses are entered into the Financial Accounting Software by the Food Services Office Assistant.
- 1.3. Checks, check registers and records are processed by the Deputy Treasurer and Chief Financial Officer.
- 1.4. All contracts are evaluated by the Director of Food Services in cooperation with the Chief Financial Officer and signed by the School Board.

Free and Reduced Applications

- 1.1. Free and Reduced Applications are processed and entered into the point of sale system by the Director of Food Services or Food Services Office Assistant within 10 days of receipt and signed and dated.
- 1.2. An audit is completed each year on 3% of all processed applications by the Director of Food Services and signed and dated.

Payroll

- 1.1. All times sheets are approved by the Cafeteria Managers, checked for accuracy and electronically approved. The Food Service Office Assistant makes a second review of time sheets and electronically approves.
- 1.2. Payroll is processed in Skyward by the Payroll Specialist.

Monitoring

Audits are performed regularly by the Director of Food Services.