

PART 10

PRESCRIBED FORMS, TAXES, AND GENERAL INFORMATION

PRESCRIBED FORMS

The State Board of Accounts is charged by law with the responsibility of prescribing and installing a system of accounting and reporting which shall be uniform for every public office and every public account of the same class, IC 20-39. [IC 5-11-1-2]

A prescribed form is one which is put into general use for all offices of the same class, whereas an approved form is a computerized form for special use in a particular office.

All charter schools are required by law to use the forms prescribed by the State Board of Accounts; however, if desirable to have a prescribed form modified to conform for computer applications, a letter and copies of the proposed form may be submitted to the State Board of Accounts for approval. No form should be printed and placed into use, other than a prescribed form, without prior approval.

Although the State Board of Accounts prescribes forms, copies of the forms must be purchased from a public printer or other source.

A list of the prescribed forms and some examples of the prescribed forms are contained in the Appendix Section of this Manual.

Exact Replica

As a result of advances in computer technology, some computer hardware, software, and application systems can now produce exact replicas of the forms prescribed by the State Board of Accounts.

The State Board of Accounts prescribes the required accounting system forms, but does not specify the source from which the forms must be obtained. Therefore, the State Board of Accounts will not take exception to the use of forms which provide exact replications of the prescribed forms created by computer printer or utilizing continuous form computer paper. These exact replications must be identical to the prescribed forms in format, titles and locations of data. The exact replicas are not required to be submitted to the State Board of Accounts for approval and each form should be identified as "Prescribed by the State Board of Accounts" in the same location as is printed on the prescribed forms.

The use of computer-generated prescribed forms should be brought to the attention of the auditor during the next regularly scheduled audit. The forms and computer system generating the forms are subject to a technical computer audit based upon the results of the risk assessment.

Use of Prescribed Forms

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed.

STATE AND FEDERAL TAXES

Federal and State Agencies - Compliance Requirements

Charter Schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter Schools shall file accurate reports required by federal and state agencies. Noncompliance would require corrective action.

Federal Income Taxes

All political subdivisions are exempt from federal income taxes under the Internal Revenue Code.

Federal Excise Taxes

As a general rule, charter school are exempt from and should not pay any federal excise tax. To obtain the exemption, a properly executed exemption certificate must be filed with the vendor from whom the purchase is made. This exemption certificate may be prepared at the time the order is placed or at the time payment is made. The exemption certificate may be a printed or mimeographed form and should be substantially in the form currently used. For information concerning the form of exemption certificate, contact the Internal Revenue Service.

Claims and invoices should be carefully audited to see that no federal excise taxes are included and paid. Disbursing officers should require that invoices show separately the gross price, the amount of the excise tax, and the final price to the governmental unit.

Any questions concerning federal excise tax should be directed to the Internal Revenue Service.

Tax Refunds

In some instances, charter schools may have erroneously paid the excise taxes from which they are exempt. In such instances, the unit has three years from the date tax was paid to the federal government in which to file for a refund.

To obtain a refund, the governmental unit should submit to the seller an exemption certificate for each item on which excise tax was paid accompanied with documentary evidence that the exemption had not been claimed or received. Such evidence may be copies of invoices, affidavits, records, etc.

The Internal Revenue Service will provide forms on which the original taxpayer may claim reimbursement for excise tax erroneously paid by a governmental unit.

Sales Tax

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application should be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division.

Lodging for individuals in hotels and motels is not exempt from state sales tax. Therefore, reimbursements for lodging in approved travel status may include state sales tax. However, it should be kept in mind that claims for all such reimbursements must be supported by a fully itemized receipt showing date(s) of lodging, the name(s) of the person(s) occupying the room and the amount paid.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments.

Federal and State Regulations

Each charter school is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies.

Penalties, Interest, and Other Charges

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

GENERAL INFORMATION

Advance Payments

Compensation and any other payments for goods and services shall not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee.

Asset Ownership

Assets purchased by a charter school must be titled appropriately in the name of the charter school.

Audit Costs

Audit costs incurred because of theft and shortage may be the personal obligation of the responsible official or employee.

Audit costs or other costs incurred because of poor records, nonexistent records or other inadequate bookkeeping practices may be the personal obligation of the responsible official or employee of the governmental unit.

Any outside audit costs paid, not authorized by statute, may be considered a duplication of service and an unnecessary expense. These payments may be the personal obligation of the responsible official or employee.

Bad Debts and Uncollectible Accounts

The charter school must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation must exist for all efforts made by the charter school to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible.

Break-Ins, Burglaries or Other Crimes

Break-Ins, burglaries or other crimes committed against the charter school must be documented by the filing of an official police report. Insurance companies should be contacted to request payment for any allowable coverage.

Capital Assets

Every charter school shall have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory must be taken for good internal control and for verifying account balances carried in the accounting records.

Cash Disbursements

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule.

Collection of Amounts Due

Charter schools have a responsibility to collect amounts owed to the charter school pursuant to procedures authorized by statute.

Commuting Mileage

Reimbursed mileage shall not include travel to and from the employee's home and the charter school building in which he works, unless otherwise authorized by statute.

Compensation

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. Compensation must be made in a manner that will facilitate compliance with state and federal reporting requirements.

Payments for services provided by an organization shall go directly to the organization and not to an individual employee of the organization. All payments for services must be supported by a written contract.

Computer Output

Public records, financial statement information and supporting information generated through a computer system must be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the charter school.

Condition of Records

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund.

Contracts

Payments made or received for contractual services must be supported by a written contract. Each charter school is responsible for complying with the provisions of its contracts.

Correction of Errors

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions.

Credit Cards

The State Board of Accounts will not take exception to the use of credit cards by a charter school provided the following criteria are observed:

1. The charter school must authorize credit card use through an appropriate policy.
2. Issuance and use shall be handled by an employee designated by the charter school.
3. The purposes for which the credit card may be used must be specifically stated in the policy.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the designated employee.
5. The designated employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track expenses to provide the charter school and other administration with timely and accurate accounting information and monitoring of the accounting system.
7. Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee shall be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

Deposit of Accountable Items

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the charter school.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors.

Donations

Public funds must not be donated or given to other organizations, individuals, or charter schools unless specifically authorized by statute.

Excessive or Unreasonable Costs

Every effort should be made by the charter school to avoid unreasonable or excessive costs.

Expenditures by Holding Corporations

Property and equipment provided by holding corporations to a charter school must be in accordance with the original project as presented to the public and approved by the Department of Local Government Finance, or by subsequent written approval of the Department of Local Government Finance.

Expense Reimbursement Itemization

All claims, invoices, receipts, and accounts payable vouchers shall contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for which amounts are claimed, including the nature, name, and purpose of the business meeting, to enable payment. Payments which do not have proper itemization showing the business nature of the claim may be the personal obligation of the responsible employee or other person for whom the claim is made.

Federal and State Agencies - Compliance Requirements

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action.

Fees

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions.

Financial Report Opinion Modifications

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit.

Fundraisers

Charter schools which conduct fund raising events must have the express permission for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees.

Fund Sources and Uses

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement.

Internal Controls

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

Leave and Overtime Policy

Each charter school must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the charter school would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies.

Malfeasance, Misfeasance or Nonfeasance

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or nonfeasance in office of any employee may be the personal obligation of the responsible employee.

Overdrawn Cash

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the charter school.

Overdrawn Funds

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the charter school.

Overpayment Collections

Charter schools shall collect any overpayments made.

Penalties, Interest and Other Charges

Employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the charter school.

Additionally, employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the charter school.

Any penalties, interest or other charges paid by the charter school may be the personal obligation of the responsible employee.

Personal Expenses

Public funds shall not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the charter school. Any personal expenses paid by the charter school may be the personal obligation of the responsible employee.

Personal Property Use

Assets of the charter school shall not be used in a manner unrelated to the functions and purposes of the charter school.

Whenever an item or other asset owned by the charter school is entrusted to an employee, to be used at times outside the normal work time for business purposes, such as a cellular phone, or vehicle, a log should be maintained which clearly shows the business use.

Political Expenditures

Expenditures for political purposes, contributions to political campaigns, directly or indirectly, which are not authorized by statute may be the personal obligation of the responsible employee.

Prescribed Forms

Employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed.

Pre-Signing Documents

Checks and receipts shall be prepared timely and not signed in advance of the event or transaction.

Private Property

Generally, public funds may not be used to make improvements to property not owned by the charter school, unless permitted by statute, federal or state requirements, or safety concerns.

Purchasing Bonuses

Any compensation, premium, bonus, or product earned as a result of the purchase of goods or services by the charter school becomes the property of the charter school.

Receipt Issuance

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment.

Repayments and Refunds

Persons, companies or governmental units that have overpaid amounts to a charter school are entitled to a repayment or refund by check or warrant.

Repayments and Transfers

Payments or transfers which are not authorized by statute, ordinance, resolution or court order must be reimbursed or transferred to the appropriate fund.

Risk of Loss

The charter school shall ensure it is adequately protected for all risks of loss.

Sale and Rental Proceeds

Proceeds generated by the sale or rental of property must be receipted into the fund which originally purchased the property unless otherwise authorized by statute.

Sales Tax

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments.

Severance Pay

Unless specifically authorized by statute, severance pay, or other payments to employees upon separation from employment, must be supported by the written opinion of the attorney for the charter school stating that the payments are in accordance with all federal laws and regulations and state laws, as applicable.

Signature Stamps

The decision on whether the number of items to be signed justifies the use of a rubber stamp or other device, including computer image signatures, for affixing a signature must be made by each employee responsible for signing warrants, claims, and other official documents.

A rubber stamp or other signing device shall be used only under the personal direction of the employee and must be properly safeguarded when not in use since each employee is responsible for his or her own signature.

Suspension With Pay

Suspension with pay must be supported by the written opinion of the attorney for the charter school stating that the suspension is in accordance with all federal laws and regulations, and state laws, as applicable.

Timely Recordkeeping

All documents and entries to records shall be done in a timely manner to ensure that accurate financial information is available to allow the charter school to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law.

Transaction Recording

All financial transactions pertaining to the charter school must be recorded in the records of the charter school.

Travel Policies

Each charter school shall adopt a written travel policy in conformity with applicable statutes.

Reimbursement for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by statute.

Trusts and Endowments

Each charter school is responsible for complying with any requirements of trust agreements or endowments received which are not contrary to state statute or constitutional provisions.

Various Accounting Guides, Manuals and Other Publications

Compliance is required, as applicable, with generally accepted accounting principles, and standards issued by the Governmental Accounting Standards Board, Financial Accounting Standards Board, and other standards setting bodies and also with various accounting guides, manuals and other publications.

Vending, Concessions or Other Sales Controls

Internal controls over vending operations, concessions or other sales shall include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted must be immediately documented in writing to proper employees. The reconciliation must provide an accurate accounting.

Persons with access to vending must be properly designated and access must be limited to those designated.

Vending Machine Commissions and/or Profits

There must be a clearly defined procedure adopted by the charter school concerning placement, use, maintenance, and commissions and/or profits of vending machines on their property.

All revenues generated and costs incurred in operating vending machines located on the charter school premises shall be accounted for through the charter school's records.

If vending machines are located in restricted areas (areas other than those available to the public) and if the charter school and chief executive officer wish for those revenues to be restricted for the use and benefit of those employees who use the machines and generate the revenues, the State Board of Accounts takes no exception to such action in an audit. The decisions must be authorized by proper written policy of the charter school.

If vending machines are located in areas where the public makes use of the machines and generates the resulting revenues, we advise officials to place the revenues in the general fund for the benefit of the general public, the machine users. Any alternative procedure must be authorized by written policy of the charter school.

In the event personnel other than the charter school's personnel maintain, stock, and clean up around vending machines, we take no audit exception when such persons are paid for these services. A written agreement must be entered into listing the services to be rendered, the amount to be paid for such services, timing of payments, and any other areas deemed necessary by the charter school.