

THE CHARTER SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines ISSUED BY STATE BOARD OF ACCOUNTS

Volume 2

March 2013

ITEMS TO REMEMBER

March

- 1 Prove the Fund Ledger and Ledger of Receipts for the month of February to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- 20 Last day to report and make payment of state and county income tax withheld during February to the Department of Revenue.
- 29 Good Friday - Legal Holiday (IC 1-1-9-1)

April

- 1 Prove all ledgers for the month ending March 31 as outlined for the month of February.
- 20 Last day to report and make payment of state and county income tax withheld during March to the Department of Revenue.
- 30 Last day to file Employer's Quarterly Federal Tax Return (Form 941) with the Internal Revenue Service for federal and social security taxes for the first quarter.

Last day to file quarterly reports with the Indiana Department of Workforce Development for the quarter ending March 31.

May

- 1 Prove all ledgers for the month ending April 30 as outlined for the month of February.
- 20 Last day to report and make payment of state and county income tax withheld during April to the Department of Revenue.
- 27 Memorial Day - Legal Holiday (IC 1-1-9-1)

**THE CHARTER SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 2, Page 2

March 2013

CONTRACTS

One of the steps in a regular examination of the financial records and accounts of a charter school by the State Board of Accounts is a review of the various contracts entered into by the governing body of the charter school for the charter school's benefit. The review of construction contracts, construction manager contracts, lease-rental agreements, personnel contracts, transportation contracts, etc. discloses, in some instances, clauses and instances where these contract provisions result in the charter school's making payments from public funds for unauthorized purposes or for which there is no comparable value received for the charter school.

We would suggest that before a governing body approves or signs a contract for any purpose, whether major or minor in nature, the members review the contract very closely for such flaws. An advisable procedure for the governing body, and often financially beneficial to the charter school, is to have persons experienced in such contractual functions review the contract before board approval. Naturally, the attorney for the charter school should review the contract for legality as well as content before the contract is approved and signed by the board.

GAO INDEPENDENCE STANDARD

The auditor independence provisions of the U. S. Government Accountability Office (GAO) are contained in its generally accepted government auditing standards (GAGAS).

The GAO issued such standards to better serve the public interest by maintaining a high degree of integrity, objectivity and independence for CPA's, and other practitioners who audit government entities and organizations receiving government funds.

Compliance with the standard hinges on the auditor's observance of two overarching principles and seven safeguards. The two overarching principles are critical to understanding the nonaudit service rules:

- (1) Audit organizations should not provide nonaudit services that involve performing management functions or making management decisions.
- (2) Firms should neither audit their own work nor provide nonaudit services in situations where the nonaudit services are significant or material to the subject matter of audits.

If the nonaudit service would violate either of the two overarching principles, then the firm would be required to make a choice between providing the service or performing the audit.

Personal, external, and organizational factors can impair auditor independence, as well as personal impairments relating to nonaudit service.

Therefore, if we arrive on the audit where records, documents, reconciliations, etc., are incomplete, or have not been completed at all, we will not be able to complete the records for you. We will however be able to consult and advise on the completion of the records.

**THE CHARTER SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 2, Page 3

March 2013

PUBLIC RECORDS

Indiana Code 5-14-3-1 states: "A fundamental philosophy of the American constitutional form of representative government is that government is the servant of the people and not their master. Accordingly, it is the public policy of the state that all persons are entitled to full and complete information regarding the affairs of government and the official acts of those who represent them as public officials and employees. Providing persons with the information is an essential function of a representative government and an integral part of the routine duties of public officials and employees, whose duty it is to provide the information. This chapter shall be liberally construed to implement this policy and place the burden of proof for the nondisclosure of a public record on the public agency that would deny access to the record and not on the person seeking to inspect and copy the record."

IC 5-14-3-3 states:

"(a) Any person may inspect and copy the public records of any public agency during the regular business hours of the agency, except as provided in section 4 of this chapter. A request for inspection or copying must:

- (1) identify with reasonable particularity the record being requested; and
- (2) be, at the discretion of the agency, in writing on or in a form provided by the agency.

No request may be denied because the person making the request refuses to state the purpose of the request, unless such condition is required by other applicable statute.

(b) A public agency may not deny or interfere with the exercise of the right stated in subsection (a). Within a reasonable time after the request is received by the agency, the public agency shall either:

- (1) provide the requested copies to the person making the request; or
- (2) allow the person to make copies:
 - (A) on the agency's equipment; or
 - (B) on the person's own equipment.

(c) Notwithstanding subsections (a) and (b), a public agency may or may not do the following:

- (1) In accordance with a contract described in section 3.5 of this chapter, permit a person to inspect and copy through the use of enhanced access public records containing information owned by or entrusted to the public agency.
- (2) Permit a governmental entity to use an electronic device to inspect and copy public records containing information owned by or entrusted to the public agency.

**THE CHARTER SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

PUBLIC RECORDS, continued

- (d) Except as provided in subsection (e), a public agency that maintains or contracts for the maintenance of public records in an electronic data storage system shall make reasonable efforts to provide to a person making a request a copy of all disclosable data contained in the records on paper, disk, tape, drum, or any other method of electronic retrieval if the medium requested is compatible with the agency's data storage system. This subsection does not apply to an electronic map.

- (e) A state agency may adopt a rule under IC 4-22-2, and a political subdivision may enact an ordinance, prescribing the conditions under which a person who receives information on disk or tape under subsection (d) may or may not use the information for commercial purposes, including to sell, advertise, or solicit the purchase of merchandise, goods, or services, or sell, loan, give away, or otherwise deliver the information obtained by the request to any other person for these purposes. Use of information received under subsection (d) in connection with the preparation or publication of news, for nonprofit activities, or for academic research is not prohibited. A person who uses information in a manner contrary to a rule or ordinance adopted under this subsection may be prohibited by the state agency or political subdivision from obtaining a copy or any further data under subsection (d).

- (f) Notwithstanding the other provisions of this section, a public agency is not required to create or provide copies of lists of names and addresses (including electronic mail account addresses) unless the public agency is required to publish such lists and disseminate them to the public under a statute. However, if a public agency has created a list of names and addresses (excluding electronic mail account addresses) it must permit a person to inspect and make memoranda abstracts from the list unless access to the list is prohibited by law. The lists of names and addresses (including electronic mail account addresses) described in subdivisions (1) through (3) may not be disclosed by public agencies to any individual or entity for political purposes and may not be used by any individual or entity for political purposes. In addition, the lists of names and addresses (including electronic mail account addresses) described in subdivisions (1) through (3) may not be disclosed by public agencies to commercial entities for commercial purposes and may not be used by commercial entities for commercial purposes. The prohibition in this subsection against the disclosure of lists for political or commercial purposes applies to the following lists of names and addresses (including electronic mail account addresses):
 - (1) A list of employees of a public agency.

 - (2) A list of persons attending conferences or meetings at a state educational institution or of persons involved in programs or activities conducted or supervised by the state educational institution.

**THE CHARTER SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

PUBLIC RECORDS, continued

- (3) A list of students who are enrolled in a public school corporation if the governing body of the public school corporation adopts a policy:
- (A) with respect to disclosure related to a commercial purpose, prohibiting the disclosure of the list to commercial entities for commercial purposes;
 - (B) with respect to disclosure related to a commercial purpose, specifying the classes or categories of commercial entities to which the list may not be disclosed or by which the list may not be used for commercial purposes; or
 - (C) with respect to disclosure related to a political purpose, prohibiting the disclosure of the list to individuals and entities for political purposes. A policy adopted under subdivision (3)(A) or (3)(B) must be uniform and may not discriminate among similarly situated commercial entities. For purposes of this subsection, "political purposes" means influencing the election of a candidate for federal, state, legislative, local, or school board office or the outcome of a public question or attempting to solicit a contribution to influence the election of a candidate for federal, state, legislative, local, or school board office or the outcome of a public question.

(g) A public agency may not enter into or renew a contract or an obligation:

- (1) for the storage or copying of public records; or
- (2) that requires the public to obtain a license or pay copyright royalties for obtaining the right to inspect and copy the records unless otherwise provided by applicable statute;

if the contract, obligation, license, or copyright unreasonably impairs the right of the public to inspect and copy the agency's public records.

(h) If this section conflicts with IC 3-7, the provisions of IC 3-7 apply."

Please contact the Office of the Indiana Public Access Counselor, at 1-800-228-6013 if questions arise concerning access to public records or meetings.

STATE AND FEDERAL MILEAGE RATES

The current mileage rate paid to state employees in travel status is 44 cents per mile.

It is our understanding that the federal mileage rate was raised from 55 and ½ cents to 56 and ½ cents effective January 1, 2013.

**THE CHARTER SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 2, Page 6

March 2013

ACCOUNTS RECEIVABLE – SCHOOL LUNCH AND TEXTBOOK RENTAL

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.

We have not taken exception with a governing board approved policy regarding inactive accounts. The policy should define when an account balance is considered inactive. A policy may allow positive account balances to be receipted back into the Fund (we recommend account balances of \$10 or less.) However, keep in mind that if a parent or anyone else comes forward and makes a request (and could document entitlement), then they would be entitled to a refund.

A charter school should have a policy in place that does not allow significant negative account balances to incur. The Charter School Board approved policy could allow nominal negative account balances to be offset against the positive balances in the Fund. However, any material negative balances should be pursued for collection.

GIFT CARDS

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

1. The Charter School Board must authorize gift card purchases through a resolution, which has been approved in the minutes.
2. The purposes for which gift cards may be issued must be specifically stated in the resolution.
3. Purchase and issuance of gift cards shall be handled by an official or employee designated by the school principal.
4. The designated responsible official or employee shall maintain an accounting system or log which includes the name of the business from which the gift cards were purchased, their amounts, fund and account numbers to be charged, date the card was issued, person gift card was issued to, proof that the gift card was received by the person it was issued to, etc.
5. Gift cards shall 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 appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
6. Procedures for payments shall be no different than for any other claim. The school principal must approve the expenditure and supporting documents such as paid bills and receipts must be available. Additionally, any purchase or issuance of gift cards without proper documentation maybe the responsibility of that officer or employee.

**THE CHARTER SCHOOL ADMINISTRATOR
and Uniform Compliance Guidelines**

Volume 2, Page 7

March 2013

GATEWAY 100R

The Charter School's 100R (Certified Report of Names, Addresses, Duties and Compensation of Public Employees) must be filed through the Gateway system. If you have not filed the 100R for 2012 you must file it as soon as possible. The 100R was due January 31, 2013. For problems or questions concerning these reports please contact annualreport@sboa.in.gov.

Indiana Code 5-11-13-1 states:

"(a) Every state, county, city, town, township, or school official, elective or appointive, who is the head of or in charge of any office, department, board, or commission of the state or of any county, city, town, or township, and every state, county, city, town, or township employee or agent who is the head of, or in charge of, or the executive officer of any department, bureau, board, or commission of the state, county, city, town, or township, and every executive officer by whatever title designated, who is in charge of any state educational institution or of any other state, county, or city institution, shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. ***The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7.***