

THE CHARTER SCHOOL ADMINISTRATOR

And Uniform Compliance Guidelines

ISSUED BY STATE BOARD OF ACCOUNTS

Vol. No. 10

March 2015

ITEMS TO REMEMBER

March

- 1 Prove all ledgers for the month of February.
- 20 Last day to report and make payment of state and county income tax withheld during February to the Department of Revenue.
- 31 If using e-file, last day to file form W-2 with Form W-3 with the Internal Revenue Service.

April

- 1 Prove all ledgers for the month of March.
- 3 Legal Holiday – Good Friday (IC 1-1-9-1)
- 20 Last day to report and make payment of state and county income tax withheld during December to the Department of Revenue.
- 30 Last day to file Employer's Quarterly Federal Tax Return, Form 941, with the Internal Revenue Service for payment of federal tax withheld.

May

- 1 Prove all ledgers for the month of April.
- 5 Legal Holiday – Primary Election Day (IC 1-1-9-1)
- 20 Last day to report and make payment of state and county income tax withheld during January to the Department of Revenue.
- 25 Legal Holiday – Memorial Day (IC 1-1-9-1)

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COMMODITIES INCLUSION ON FEDERAL EXPENDITURE SCHEDULES

As you know, charter schools were required to complete the Gateway Annual Report starting for FY2014. We received lots of questions about how to calculate the amount of Non-Cash Assistance, commodities, for the Child Nutrition Cluster programs. In the past, we have received from IDOE an Excel spreadsheet that contained the total commodities that were provided to a school corporation. In the office the amounts were prorated between the breakfast program and the lunch program based on the ratio of reimbursements received for each program. We have learned that CFR250.56 calls for all of the commodities to be attributed to CFDA # 10.555 the National School Lunch Program.

After you have logged in to IDOE's School Nutrition portal (scnweb.doe.state.in.us), you will click the green puzzle piece labeled "Food Distribution Program" and click continue at the bottom of the Welcome page. You select the program year and then you click "Summary Menu" near the top of the next page. Click "R/A Summary" and then search for your school corporation's name. This will take you to the School Corporation's page and you will want to go to the "Entitlement" tab. When you get to the entitlement tab you will add the amounts in the following columns "Entitlement Used", "No Charge Used", and "Bonus Used", see highlighted columns below as an example. The sum will be included in CFDA# 10.555 on the Federal Expenditure Schedule.

MONTHLY BANK STATEMENTS AND CANCELED CHECKS

The treasurer of the school corporation should receive a monthly statement at the close of each month from each designated depository which should include all checks paid through the bank and canceled during the period covered by the statement. IC 5-13-6-1 provides in part, "(e) All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

The State Board of Accounts' audit position is that all canceled checks should be retained in the file with the bank statement with which they were returned which will facilitate any future reference of one to the other that may be necessary for either accounting or audit purposes.

IC 5-15-6-3(a) concerning optical imaging of checks states, in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, IC 26-2-8-111 states, in part:

(a) "If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

(e) "If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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ADMINISTRATIVE EXPENSES TITLES I AND II

Allowable maximums for administrative expenses under Titles I and II are 5% and 10% respectively. Administrative salary expense is governed by federal and state regulations. Salaries of Superintendents of School Districts, Assistant Superintendents, Treasurers of School Districts, Principals of Schools and their Assistants are regularly paid from the General Fund of the School Corporation as necessary operating expenses. Normally the positions are covered by full-time contracts and cannot be reimbursed with Title I and II funds. Payments of salaries from Title I and II funds to these individuals could be considered as supplanting of expenses regularly paid from other school funds. Reimbursement for services provided by these staff positions for these federal funds may be recouped by claiming an Indirect Cost Expense based on the approved school corporation rate. Payments of salaries to a less than full-time treasurer, bookkeeper, teacher or aide whose time can be documented as to which Title served, should be included as a direct expense on the budget. A time log must be maintained to substantiate the charges to each of the applicable funds for person's salary is paid from more than one fund source.

CURRICULAR MATERIALS FINANCIAL ASSISTANCE FOR STUDENTS

IC 20-33-5 provides for the qualifications and the procedures for students to receive assistance for meeting textbook rental requirements.

"The department shall adopt procedures that must be followed by applicants in order for them to qualify for assistance under this chapter. These procedures must include obtaining information needed by the family and social services administration to determine if the recipient is a child who is a member of a qualifying family (as defined in IC 12-14-28-1), including the familial relationship of the child to the head of the household. The financial eligibility standard for an applicant under this chapter must be the same criteria used for determining eligibility for receiving free or reduced price lunches under the national school lunch program." (IC 20-33-5-2)

"(a) If a parent of a child or an emancipated minor who is enrolled in a public school, in kindergarten or grades 1 through 12, meets the financial eligibility standard under section 2 of this chapter, the parent or the emancipated minor may not be required to pay the fees for school books, supplies, or other required class fees. The fees shall be paid by the school corporation that the child attends. (b) The school corporation may apply for a reimbursement under section 7 of this chapter from the department of the costs incurred under subsection (a). (c) To the extent the reimbursement received by the school corporation is less than the textbook rental fee assessed for curricular materials, the school corporation may request that the parent or emancipated minor pay the balance of this amount." (IC 20-33-5-3)

IC 20-33-5-4 states "The department shall provide each school corporation with sufficient application forms for assistance under this chapter. The state board of accounts shall prescribe the forms to be used." The State Board of Accounts, based upon forms and information submitted by the State Department of Education, Division of School and Community Nutrition Programs, has prescribed School Forms 520, Application for Benefits, 521, Application for Free or Reduced Price Meals and Other Benefits and 522, Application for Free Milk and Other Benefits. Any potential changes or recommendations should be forwarded to the State Department of Education, Division of School and Community Nutrition Programs for consideration in future revisions. Any computer applications will be considered for approval by the State Board of Accounts.

IC 20-33-5-6 states in part: "(b) If the school corporation makes a determination that the parent is ineligible based on the information in the application, the school corporation shall give the parent written reasons for the denial and inform the parent of the right to request a hearing before the governing body of the school corporation or the governing body's designee. After the determination, the school corporation may bill the parent for the student's fees, but the school corporation may not take any legal action against the parent until the parent has had the opportunity to make an appeal in a hearing before the governing body of the school corporation or the governing body's designee. If the parent pays the fees based on the school corporation's determination, and after the appeal it is determined that the parent qualifies for assistance, the school corporation shall reimburse the parent."

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STATE EXAMINER DIRECTIVES

The State Examiner has passed formal directives to political subdivisions. If you have not, or wish to further examine them, then they can be accessed on the State Board of Accounts website (<http://www.in.gov/sboa/4415.htm>). The current directives that apply to charter schools are 2014-1; 2014-2; 2015-2; and 2015-4.