**RESOLUTION 14 - 2026**

**INDIANAPOLIS PUBLIC EDUCATION CORPORATION BOARD**

**RESOLUTION ADOPTING INTERNAL FINANCIAL CONTROLS**

**WHEREAS**, the Indiana General Assembly created the Indianapolis Public Education Corporation ("**IPEC**"), governed by a board ("**IPEC Board**"), for the public purpose of establishing a unified student transportation, school property, and school performance system within the geographic boundaries of Indianapolis Public Schools ("**IPS**") to maximize efficient use of taxpayer resources, respects the decision making of public schools with the boundaries of IPS, and creates the best conditions for student learning and success.

**WHEREAS**, the Legislature also provided funding for IPEC through Indiana Code § 20-25.3-4-2(b).

**WHEREAS**, Indiana Code § 5-11-1-27(e) provides that, through the compliance guidelines authorized under Indiana Code § 5-11-1-24, the Indiana State Board of Accounts shall define the acceptable minimum level of internal control standards for internal control systems of political subdivisions, including the following: (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information and Communication, and (5) Monitoring.

**WHEREAS**, the SBOA developed the Uniform Internal Control Standards for Indiana Political Subdivisions manual, which contains the acceptable minimum level of internal control standards.

**WHEREAS**, Indiana Code § 5-11-1-27(g) provides that the governing body of each political subdivision must adopt the minimum internal control standards as defined by SBOA and must ensure that personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.

NOW THEREFORE, BE IT RESOLVED by the Board of Indianapolis Public Education Corporation as follows:

1. Pursuant to Indiana Code § 5-11-1-27, the IPEC Board adopts the Internal Financial Controls Policy, attached as Exhibit A and incorporated by reference herein.

2. The Board further authorizes, empowers and directs the Executive Director to take all actions necessary to effectuate the intent of this Resolution in accordance with this Resolution and to execute all documents pursuant to this Resolution, and to take all other lawful action necessary to implement and enforce the Internal Financial Controls Policy.

ADOPTED this 22nd day of June, 2026, by a majority of the Board of Indianapolis Public Education Corporation in a public meeting.

David Harris
Chairperson

Attest:

Patricia Castañeda
Secretary

# BOARD OF THE INDIANAPOLIS PUBLIC EDUCATION CORPORATION
## *Internal Financial Controls Policy*

### INTERNAL CONTROLS

All employees, board members, consultants, vendors, contractors and other parties maintaining a business relationship with the school corporation shall act with due diligence in duties involving the fiscal resources of the Indianapolis Public Education Corporation ("**IPEC**"). In accordance with state law, the Board of the Indianapolis Public Education Corporation ("**IPEC Board**") adopts the *Uniform Internal Control Standards for Indiana Political Subdivisions* established by the Indiana State Board of Accounts in order to aid in the prevention and detection of fraud, financial impropriety, or irregularity.

The Executive Director (or designee) shall be responsible to implement the internal control standards designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the Indianapolis Public Education Corporation and to recommend to the Board any policies or procedures required to carry out the standards.

Training shall be provided on the internal control standards and procedures to all the Indianapolis Public Education Corporation employees and newly hired employees whose duties include receiving, processing, depositing, disbursing, or having access to school and extracurricular funds. Such training should be given periodically to these employees whenever the standards have been changed or updated, including new policies and procedures relating to the internal control standards and training to refresh the employees on the standards requirements.

### MATERIALITY THRESHOLD AND REPORTING PROCEDURES

1. **Designation of point person(s)/position** - All erroneous or irregular variances, losses, shortages, or thefts of funds or property either owned or held in trust by IPEC must be reported to the Chairperson of IPEC Board and the Executive Director of IPEC.

2. **Cash and Non-Cash Materiality Threshold** – IPEC must report to the SBOA any erroneous or irregular variances, losses, shortages, or thefts of cash in excess of $100,000 and non-cash items in excess of $100,000 estimated market value.[1] At its discretion, IPEC may report items below the dollar thresholds based on a qualitative evaluation of the matter.

3. **Action steps when a matter is reported** – Executive Director or designee will be responsible for initial logging a new incident report.

    a. The Executive Director will perform an evaluation of the matter using the following guidelines:

        i. Log-in all incident reports for permanent record using an adopted reporting system that sequentially numbers, dates and accounts for each report submitted.

1 For comparison purposes. Indianapolis Public Schools set these thresholds at $200,000, respectively.

   ii. Read the incident report to determine the nature of incident and evaluate whether it is erroneous or irregular. IPEC will document a conclusion on whether the matter is subject to the materiality policy. If not subject to the policy, IPEC will close the incident and retain documentation in the reporting system.

b. For matters that are considered erroneous or irregular, the Executive Director will perform the following steps to better understand the matter and measure the dollars at risk:
   i. Analyze with legal counsel what further questions or documentation may be required and discuss the investigation plan with IPEC's legal counsel. The Executive Director will determine whether the matter should be escalated to the IPEC Chairperson based on their understanding of the nature of the matter.
   ii. Conduct an investigation of the matter through interviews and documentation gathering based on an appropriate investigation plan.
   iii. Measure the actual or potential dollar amounts at risk (cash and noncash) to determine whether the incident is considered material, or if the incident has qualitative issues that may require further escalation.
   iv. Document conclusion on whether the incident is material or qualitatively significant.

c. For matters that are erroneous or irregular and considered material or qualitatively significant, the Executive Director will:
   i. Determine if there is actual knowledge or reasonable cause to believe that a misappropriation of public funds has occurred. If a determination is made that the incident involves misappropriation of funds, IPEC will document its understanding of the incident, enlist the aid of law enforcement as appropriate, report the matter to the IPEC Board, and determine the communication protocol for timely and appropriate reporting to the SBOA and the local prosecutor's office. If circumstances so allow, the facts should be thoroughly investigated and a final report issued within 30 days of when the Executive Director become aware of the incident. The notification of the incident will be submitted the SBOA within 15 days of the date of the resolution of the reported incident.
   ii. For matters that are not considered to be a misappropriation of public funds, IPEC will document its understanding of the matter and document why IPEC believes the matter was not considered a misappropriation of public funds. The incident will be reported to the SBOA within 15 days of the date of the resolution of the reported incident.

d. For all matters (material or immaterial) reported under the materiality policy process, IPEC will perform the following steps:
   i. Identify the core reason for the incident and document the ineffective internal control design and/or internal control implementation as applicable to each incident.
   ii. Analyze and measure the risk of the matter to determine the significance

of risk and perform cost-benefit analysis on what actions may be taken.

iii. Create a corrective action plan and/or document resolution of the matter.

iv. Design and implement, or update, internal controls to prevent and mitigate future risk.

v. Maintain a centralized repository for documentation and resolution of all incidents reported, including:

1. Materiality policy document;
2. Incident log;
3. Incident reports and documentation submitted;
4. documentation supporting its investigation and evaluation of the matter;
5. Support for determination that the incident qualifies as erroneous or irregular;
6. Support for measurement of materiality related to each incident;
7. Standard forms for reporting "incidents".

e. The centralized repository is a reporting system housed on a secure server with password access to authorized IPEC personnel only. If original documents are provided by a person reporting an incident, they will be reproduced for the reporting system and then the original documents will be maintained using IPEC's document retention policy.

4. **Misappropriation of Public Funds** – IPEC acknowledges its responsibility under Indiana Code § 5-11-1-27(l), which requires public officials who have actual knowledge of or reasonable cause to believe that there has been a misappropriation of public funds to immediately send written notice of the misappropriation to the Indiana State Board of Accounts and the prosecuting attorney. There is no materiality threshold applicable to Ind. Code § 5-11-1-27(l). IPEC will utilize either the notification link on the SBOA website, telephone or in-person reporting, to report material erroneous or irregular variances, losses, shortages, or thefts.