

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

**SUPPLEMENTAL COMPLIANCE REPORT
OF**

**MONROE COUNTY COMMUNITY
SCHOOL CORPORATION
MONROE COUNTY, INDIANA**

July 1, 2012 to June 30, 2014



FILED
10/01/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Business Operations	Timothy Thrasher	07-01-12 to 06-30-15
Superintendent of Schools	Dr. Judith DeMuth	07-01-12 to 06-30-15
President of the School Board	Keith Klein	01-01-12 to 12-31-15



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TO: THE OFFICIALS OF THE MONROE COUNTY COMMUNITY SCHOOL CORPORATION,
MONROE COUNTY, INDIANA

This report is supplemental to our audit report of the Monroe County Community School Corporation (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

May 6, 2015

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

***FINDING 2014-001 - INTERNAL CONTROL OVER THE PREPARATION
OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: the programs within the Child Nutrition Cluster, Team Nutrition Grant, and Fresh Fruit and Vegetable Program were omitted on the SEFA. Additionally, there were a few other minor errors to some of the other grants reported on the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2014-002 - ALLOWABLE COST/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Years: FY 12-5740, FY 13-5740, FY 12-5740, FY 13-5740,
FY 14-5740, FY 13-5740, FY 14-5740

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirements that have a direct and material effect to the program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that Time and Effort records are in compliance with program requirements. The Title I Office failed to maintain Time and Effort records on some of their full and part time employees paid from the Title I grants for the audit period.

OMB Circular A-87, Attachment B, item 8(h), states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi- annually and will be signed by the employee or supervisory official having first -hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls has enabled material noncompliance to occur.

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles. We also recommended that the School Corporation prepare the monthly and semiannual certifications for all applicable employees.

FINDING 2014-003 - CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Years: FY 12-5740, FY 13-5740, 12-5740, FY 13-5740,
FY 14-5740, FY 13-5740, FY 14-5740

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties such as an oversight or approval process, related to the grant agreement and the Cash Management and Reporting compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that requests for reimbursement or required reports were accurately prepared. One person was responsible for preparing and submitting the requests and reports. There was no evidence of segregation of duties, such as an oversight or approval process.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected.

Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2014-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Years: FY 12-5740, FY 13-5740, FY 12-5740, FY 13-5740,
FY 14-5740, FY 13-5740, FY 14-5740

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that equipment records are kept to track equipment purchased with federal funds. The School Corporation received federal funds to purchase equipment. The School Corporation's Title I Office did not maintain property or equipment records during the audit period. The School Corporation has not updated property records since June 30, 2012. In addition, at the time of the audit, a physical inventory of the equipment had not been completed.

34 CFR 80.32 (d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated . . .
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to maintain detailed and accurate equipment and property records, to perform periodic physical inventories, and to reconcile physical inventories to the records could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that officials ensure that accurate, detailed capital asset records are maintained and that inventories of Property and Equipment are conducted and reconciled with a detailed capital asset records at least once every two years. Any significant difference should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with federal funds must be identified as such so that they are not disposed of improperly. We also recommended that the School Corporation establish and implement controls related to the grant agreement and all compliance requirements applicable to Equipment and Real Property Management that have a direct and material effect to the program.

FINDING 2014-005 - MATCHING, LEVEL OF EFFORT, EARMARKING

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: FY 14-5740
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties related to the grant agreement and the Matching, Level of Effort, and Earmarking compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The Title I Director left the position effective August 30, 2013, and a replacement was not hired until November 4, 2013. On December 22, 2014, a journal entry was entered to adjust 90 percent of the salary that had been paid to the Director of Elementary Education for the period of July 22, 2013 to October 22, 2013, from the General fund to the 2011/2012 Title I fund. The Director of Elementary Education was under contract for this period to be paid from the General Fund. No amendments to the contract were approved in the board minutes. No Time and Effort reports were maintained verifying work was performed for the Title I Program. The Director of Instruction had been funded by the General Fund the prior year.

The expenditures of program funds which were used for supplanting were \$31,100. These expenditures are considered questioned costs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that supplanting of federal funds would not occur. Federal funds were used in place of required local funding. Since this position was already under contract and budgeted in the routine operation of the School Corporation, this is considered supplanting not supplementing the program.

Title I Fiscal Handbook; page 28 states:

"A SEA and LEA may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for the education of participating students. In no case may an LEA use Federal program funds to supplant funds from non-Federal sources (Title I, Part A, Section 1120A) In the following instances, it is presumed that supplanting has occurred:

- (a) The SEA or LEA used Federal funds to provide services that the SEA or LEA was required to make available under other Federal, State or local laws.
- (b) The SEA or LEA used Federal funds to provide services that the SEA or LEA provided with non-Federal funds in the prior year.

Supplement Not Supplant:

Certain grants will have the requirement that the federal award can be used to supplement, not supplant non-federal funds. An example of this is Title 1(b) FEDERAL FUNDS TO SUPPLEMENT, NOT SUPPLANT, NON-FEDERAL FUNDS-(1)IN GENERAL- A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds. (2)SPECIAL RULE- No local educational agency shall be required to provide services under this part through a particular instructional method or in a particular instructional setting in order to demonstrate such agency's compliance with paragraph (1)."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls has enabled noncompliance to occur. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and all compliance requirements and comply with Matching, Level of Effort, and Earmarking compliance requirements that have a direct and material effect to the program.

FINDING 2014-006 - PERIOD OF AVAILABILITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Years: FY 12-5740, FY 13-5740, FY 12-5740, FY 13-5740,
FY 14-5740, FY 13-5740, FY 14-5740

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Period of Availability compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. An internal control system should be designed and operate effectively to provide reasonable assurance that noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that grant funds would be properly encumbered and spent by the end of the period of availability. Expenditures were found after the period of availability. An oversight or review process has not been established to ensure grant funds are spent within the period of availability.

The School Corporation did not ensure that all obligations for expenditures made from program funds were incurred during the period of availability. The grant expenditures were required to be encumbered by June 30 for each grant year. The School Corporation encumbered grant funds by using open purchase orders noted as various vendors and did not have an invoice or requisition to support the expenditure. The grant expenditures were to be liquidated by September 30; however, many purchases were not made until December.

34 CFR 80.23(a) states:

"General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

34 CFR 76.709, Funds may be obligated during a "carryover period," states:

"(a) If a State or a subgrantee does not obligate all of its grant or subgrant funds by the end of the fiscal year for which Congress appropriated the funds, it may obligate the remaining funds during a carryover period of one additional fiscal year.

(b) The State shall return to the Federal Government any carryover funds not obligated by the end of the carryover period by the State and its subgrantees."

34 CFR 76.710, Obligations made during a carryover period are subject to current statutes, regulations, and applications, states:

"A State and a subgrantee shall use carryover funds in accordance with:

(a) The Federal statutes and regulations that apply to the program and are in effect for the carryover period; and

(b) Any State plan, or application for a subgrant, that the State or subgrantee is required to submit for the carryover period."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls has enabled noncompliance to occur. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement to ensure compliance, and comply with the Period of Availability requirements of the program.

FINDING 2014-007 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Education

Federal Program: Career and Technical Education - Basic Grants to States

CFDA Number: 84.048

Federal Award Number and Year: 11-4700-5740, 12-4700-5740, and 13-4700-5740

Pass-Through Entity: Indiana Department of Education

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation has not established an effective internal control system, which would include segregation of duties related to the grant agreement and the Equipment and Real Property Management compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation received federal funds to purchase equipment. The Hoosier Hills Career Center, which administers the Career and Technical Education - Basic Grants to States grant, did maintain an updated inventory list for items purchased during the audit period. The School Corporation, however, has not updated the school wide capital assets since June 30, 2012. This is what the School Corporation uses as their official list to dispose and sell equipment.

34 CFR 80.32(d) states:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that officials ensure that accurate, detailed capital asset records are maintained and that inventories of Property and Equipment are conducted and reconciled with a detailed capital asset records at least once every two years. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with federal funds must be identified as such so that they are not disposed of improperly.

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School.

We recommended that the School Corporation establish and implement controls related to the grant agreement and all compliance requirements applicable to Equipment and Real Property Management that have a direct and material effect to the program.

FINDING 2014-008 - PERIOD OF AVAILABILITY

Federal Agency: Department of Education

Federal Program: Career and Technical Education - Basic Grants to States

CFDA Number: 84.048

Federal Award Number and Year: 11-4700-5740, 12-4700-5740, and 13-4700-5740

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Period of Availability compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. An internal control system should be designed and operate effectively to provide reasonable assurance that noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

The School Corporation did not ensure that all obligations for expenditures made from program funds were incurred during the period of availability. The grant expenditures were required to be encumbered by June 30. The School Corporation encumbered grant funds by using open purchase orders noted as various vendors and did not have an invoice or requisition to support the disbursement. Grant expenditures were to be liquidated by September 30; however, the grant funds for laptops were recorded after September 30.

34 CFR 80.23(a) states:

"General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

34 CFR 76.709, Funds may be obligated during a "carryover period," states:

"(a) If a State or a subgrantee does not obligate all of its grant or subgrant funds by the end of the fiscal year for which Congress appropriated the funds, it may obligate the remaining funds during a carryover period of one additional fiscal year.

(b) The State shall return to the Federal Government any carryover funds not obligated by the end of the carryover period by the State and its subgrantees."

34 CFR 76.710, Obligations made during a carryover period are subject to current statutes, regulations, and applications, states:

"A State and a subgrantee shall use carryover funds in accordance with:

(a) The Federal statutes and regulations that apply to the program and are in effect for the carryover period; and

(b) Any State plan, or application for a subgrant, that the State or subgrantee is required to submit for the carryover period."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . .(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls has enabled noncompliance to occur. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. We also recommended that the School Corporation develop procedures to ensure grant funds are only disbursed for obligations within the appropriate period of availability. All purchasing individuals should be made aware of each grant's period of availability and the definition of a obligation. If an extension of the grant is needed, it should be requested prior to the end of the grant period.

FINDING 2014-009 - ALLOWABLE COST/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Special Education - Grants to States and Special Education - Preschool Grants

CFDA Number: 84.027 and 84.173

Federal Award Number and Year: 14211-042-PN01, 14212-042-PN01, 1413-042-PN01,
14214-042-PN01, 45711-042-PN01, 45712-042-PN01,
14713-042-PN01, 45714-042-PN01

Pass-Through Entity: Indiana Department of Education

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles compliance requirements that have a direct and material effect to the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that Time and Effort records are in compliance with program requirements. The Special Education Office failed to maintain Time and Effort records on some of their full and part-time employees who worked solely and paid from the Special Education grants for the audit period.

OMB Circular A-87, Attachment B, item 8(h)(3), states:

"(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi- annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls has enabled noncompliance to occur. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the Allowable Costs/Cost Principles by preparing the monthly and semiannual certifications for all applicable employees.

FINDING 2014-010 - PERIOD OF AVAILABILITY

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number and Years: 2010-5740, 2011-5740, and 2012-5740
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Period of Availability compliance requirements. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. An internal control system should be designed and operate effectively to provide reasonable assurance that noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that grant funds would be properly encumbered and spent by the end of the period of availability. Expenditures were found after the period of availability. An oversight or review process has not been established to ensure grant funds are spent within the period of availability.

The School Corporation did not ensure that all obligations for expenditures made from program funds were incurred during the period of availability. The grant expenditures were required to be encumbered by September 30 for each grant year and liquidated within 90 days. The School Corporation encumbered grant funds by using open purchase orders noted as various vendors and did not have an invoice or requisition to support the expenditure.

34 CFR 80.23(a) states:

"General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

34 CFR 76.709, Funds may be obligated during a "carryover period," states:

"(a) If a State or a subgrantee does not obligate all of its grant or subgrant funds by the end of the fiscal year for which Congress appropriated the funds, it may obligate the remaining funds during a carryover period of one additional fiscal year.

(b) The State shall return to the Federal Government any carryover funds not obligated by the end of the carryover period by the State and its subgrantees."

34 CFR 76.710, Obligations made during a carryover period are subject to current statutes, regulations, and applications, states:

"A State and a subgrantee shall use carryover funds in accordance with:

(a) The Federal statutes and regulations that apply to the program and are in effect for the carryover period; and

(b) Any State plan, or application for a subgrant, that the State or subgrantee is required to submit for the carryover period."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls has enabled noncompliance occur. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement to ensure compliance, and comply with the Period of Availability requirements of the program.

FINDING 2014-011 - ACTIVITIES ALLOWED OR UNALLOWED; ALLOWABLE COST/COST PRINCIPLES; PERIOD OF AVAILABILITY; AND SUBRECIPIENT MONITORING

Federal Agency: Indiana Department of Education

Federal Program: Adult Education - Basic Grants to States

CFDA Number: 84.002

Federal Award Number and Year: C-1-2-ELC-1-41, C-1-2-AE-1-41 and C-1-3-AE-2-41

Pass-Through Entity: Indiana Department of Workforce Development

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Cost/Cost Principles, Period of Availability, and Subrecipient Monitoring. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation was awarded the adult education grants by the Indiana Department of Workforce Development (IDWD) for Region 8. As part of the award process, the IDWD approved funding and budgets for the Subrecipients namely; Vincennes University, Brown County Career Center, Owen County Library, and Turning Point (Open Arms Christian Ministries, Inc). The grant award is received by Monroe County Community School Corporation then paid out to the subrecipients.

The Subrecipients submitted invoices of their expenses for the adult education program to the School Corporation for reimbursement. The School Corporation did review these invoices to determine that the invoices were part of their approved budget and that there were funds still available. The School Corporation did not require supporting documentation such as receipts, invoices, or timesheets. Inspections of subrecipient project sites were not performed and the entity did not review subrecipient financial records.

Invoices were submitted for reimbursement by Vincennes University, Brown County Career Center and Owen County Library based on expenses incurred from the approved budget; but without itemized receipts to support the invoice. Without the detail as to when the expenditure was made, it could not be determined if the expenditures complied with any applicable A133 compliance requirement. There was a lack of subrecipient monitoring to determine compliance with the grant requirements.

Turning Point (Open Arms Christian Ministries, Inc) submitted detailed invoices for reimbursement. We observed a request for utility bills and workman's compensation for January 1 to December 31, 2012. The period of availability for the grant was July 1, 2012 to June 30, 2013. This did not meet the compliance requirement of the Period of Availability of federal funds. Turning Point (Open Arms Christian Ministries, Inc) also requested and was paid for expenses for a housing allowance for their director. This was included with the payroll reimbursements, and may not have been an allowable activity. The School Corporation's failure to adequately monitor this subrecipient resulted in a failure to question these invoices.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

OMB Circular A-133, Subpart D, section .400(d) states:

"Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R & D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.



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CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-001

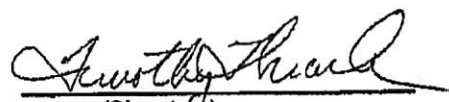
Contact Person Responsible for Corrective Action: Timothy Thrasher

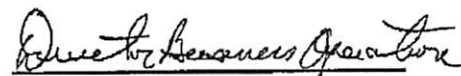
Contact Phone Number: 812-349-4751

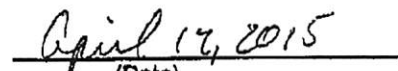
Description of Corrective Action Plan:

The Director of Business Operations prepares the SEFA report. The Director of Food Service has provided the link to the DOE nutrition page where data related to the child nutrition cluster programs, team nutrition grant and fresh fruit and vegetables grant may be obtained. All future SEFA reports will include the financial data for these three programs.

Anticipated Completion Date: Effective Immediately, April 17, 2015


(Signature)


(Title)


(Date)



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CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-002

Contact Person Responsible for Corrective Action: Carol A. Gardiner

Contact Phone Number: 812-349-4789

Description of Corrective Action Plan:

- Periodic certifications in support of charges for staff salaries and wages will be prepared for each staff member working solely on a Title I grant. The Certifications will be prepared at least semi-annually. The Grant Specialist will ensure the certifications are reviewed and signed by the employee or the supervisory official having first-hand knowledge of the work performed by the employee.
- Certifications will be prepared for employees working on multiple activities or cost objectives that are supported by personnel activity reports. The Grant Specialist will ensure the certifications are signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employees.

Anticipated Completion Date: Effective immediately, April 17, 2015

Carol A. Gardiner
(Signature)

Grant Specialist
(Title)

4/22/15
(Date)



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CORRECTIVE ACTION PLAN

April 17, 2016

FINDING 2014-003

Contact Person Responsible for Corrective Action: Carol Gardiner, Grant Specialist

Contact Phone Number:

Tim Thrasher, 812-349-4751

Carol Gardiner, 812-349-4789

Description of Corrective Action Plan:

A detailed schedule of report due dates will be prepared for each grant. The schedule will be maintained in a digital directory (EXCEL) accessible by the Director of Business Operations, the Grant Specialist and the Grant Secretary. Reports will be checked off on the schedule as they are prepared and filed by the Grant Secretary. The Director of Business Operations and the Grant Specialist will monitor the status of reports and requests for reimbursement on an ongoing basis. All grant reports and requests for reimbursements will be reviewed and approved by the Grant Specialist prior to submission. Requests for reimbursement will be filed monthly.

Anticipated Completion Date: Effective Immediately, April 17, 2016

Carol Gardiner
(Signature)

Grant Specialist
(Title)

4/22/15
(Date)



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Mr. Mike Watson, Director of Learning Strategies

CORRECTIVE ACTION PLAN

April 17, 2016

FINDING 2014-004

Contact Person Responsible for Corrective Action: Carol Gardiner, Grant Specialist
Tim Thrasher, Director of Business Operations

Contact Phone Number: 812-349-4789

Description of Corrective Action Plan:

The Title I department will maintain records tracking all equipment purchased using Title I funds from the time of the purchase to the time of disposal of the equipment. The inventory will be maintained in the Title I office and will be available for inspection in that office. All equipment purchased for the Title I programs will be properly labeled and a comparison of the inventory list to the physical items of equipment will be made and reconciled at least every two years in accordance with the requirements of OMB Circular A-133, Subpart C, section .300 and 34 CFR 80.32, Equipment.

The school corporation has updated the school wide capital assets records as of June 30, 2013 and June 30, 2014. The records will be updated as of June 30, 2015 and that information will be the basis for the information reported in the Annual Financial Report for the Schedule of Capital Assets. The Capital Asset records will be updated annually going forward.

Anticipated Completion Date: Effective Immediately, April 17, 2015

Carol Gardiner
(Signature)

Grant Specialist
(Title)

4/22/15
(Date)

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CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-005

Contact Person Responsible for Corrective Action: Tim Thrasher, Director of Business Operations

Contact Phone Number: 812-349-4751

Description of Corrective Action Plan:

The Grant Specialist does monitor expenditures carefully on an ongoing basis to ensure supplanting of federal funds does not occur. In this case the position of Grant Specialist was vacant. Should this situation arise again the Director of Business Operations will ensure the required time and effort logs are maintained and certified to document the time devoted to Title I responsibilities by the person filling the position. The contract of the individual involved will be amended to appropriately reflect any changes in responsibilities and the amended contract will be approved by the School Board.

Anticipated Completion Date: Effective Immediately, April 17, 2015

Carol Gardner
(Signature)

Grant Specialist
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CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-006

Contact Person Responsible for Corrective Action: Carol Gardiner, Grant Specialist
Contact Phone Number: 812-349-4789.

Description of Corrective Action Plan:

The Grant Specialist will ensure funds not related to personnel salaries and benefits are expended as early in the grant period as feasible. The Grant Specialist and the Director of Business Operations will monitor all grant expenditures to ensure all expenditures related to the grant and incurred within the grant period are expended and recorded in the ledgers prior to the end of the grant period. A schedule will be maintained for each grant showing the beginning and end of the grant period.

Anticipated Completion Date: Effective Immediately, April 17 2015

Carol Gardiner
(Signature)

Grant Specialist
(Title)

4/22/15
(Date)



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CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-007

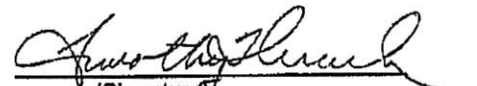
Contact Person Responsible for Corrective Action:

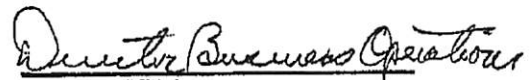
Contact Phone Number:

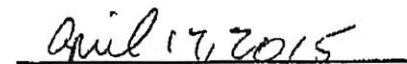
Description of Corrective Action Plan:

The school corporation has updated the school wide capital assets records as of June 30, 2013 and June 30, 2014. The records will be updated as of June 30, 2015 and that information will be the basis for the information reported in the Annual Financial Report for the Schedule of Capital Assets. The Capital Asset records will be updated annually going forward.

Anticipated Completion Date: Effective Immediately, April 17, 2015.


(Signature)


(Title)


(Date)



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Mr. Mike Watson, Director of Learning Strategies

CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-008

Contact Person Responsible for Corrective Action: Alan Dafoe, Director Hoosier Hills Career Center

Contact Phone Number: 812-330-7730

Description of Corrective Action Plan:

The Director of the Hoosier Hills Career Center will ensure funds not related to personnel salaries and benefits are expended as early in the grant period as feasible. The HHCC Director and the Director of Business Operations will monitor expenditures to ensure all expenditures related to the grant are expended and recorded in the ledgers prior to the end of the grant period. A schedule will be maintained for each grant showing the beginning and end of the grant period.

Purchase orders written to encumber grant funds will be written to specific vendors for specifically identified merchandise and services. Purchase orders for services will only be encumbered for services performed within the grant period. Payments for funds properly encumbered prior to the end of the grant period will be made only after an invoice has been received and prior to the deadline for expending grant funds.

Anticipated Completion Date: Effective Immediately, April 17, 2015.

Alan Dafoe
(Signature)

DIRECTOR HHCC
(Title)

4-22-15
(Date)



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Mr. Mike Watson, Director of eLearning Strategies

CORRECTIVE ACTION PLAN

FINDING 2014-009

Contact Person Responsible for Corrective Action: Kathleen Hugo, Director of Special Education

Contact Phone Number: 812-349-4757

Description of Corrective Action Plan:

The following procedures will be implemented to ensure that Time and Effort records are maintained on all full and part time employees in accordance with program requirements.

- Certifications will be prepared for employees working on a single Federal award at least semi-annually. The director of special education will ensure that the certifications are signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employee.
- Certifications will be prepared for employees working on multiple activities or cost objectives that are supported by personnel activity reports. The director of special education will ensure that the certifications are signed by the employee or the supervisory official having firsthand knowledge of the work performed by the employees.

Anticipated Completion Date:

The procedures will be implemented immediately.

Kathleen Hugo, PhD

Director of Special Education

April 9, 2015



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COMMUNITY SCHOOL CORPORATION
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Mr. Mike Watson, Director of Learning Strategies

CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-010

Contact Person Responsible for Corrective Action: Carol Gardiner, Grant Specialist

Contact Phone Number: 812-349-4789

Description of Corrective Action Plan:

The Grant Specialist will ensure funds not related to personnel salaries and benefits are expended as early in the grant period as feasible. The Grant Specialist and the Director of Business Operations will monitor all grant expenditures to ensure all expenditures related to the grant and incurred within the grant period are expended and recorded in the ledgers prior to the end of the grant period. A schedule will be maintained for each grant showing the beginning and end of the grant period.

Purchase orders written to encumber grant funds will be written to specific vendors for specifically identified merchandise and services. Purchase orders for services will only be encumbered for services performed within the grant period. Payments for funds properly encumbered prior to the end of the grant period will be made only after an invoice has been received and prior to the deadline for expending grant funds.

Anticipated Completion Date: Effective Immediately April 17, 2015

Carol Gardiner
(Signature)

Grant Specialist
(Title)

4/23/15
(Date)

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Mrs. Peggy Chambers, Assistant Superintendent
Mr. Timothy L. Thayer, Director of Business Operations
Mrs. Tammy Miller, Director of Elementary Education
Mrs. Janice L. Baigerson, Director of Secondary Education
Dr. Kathleen Hugg, Director of Special Education
Mr. Mike Watson, Director of Learning Strategies

CORRECTIVE ACTION PLAN

April 17, 2015

FINDING 2014-011

Contact Person Responsible for Corrective Action: Rob Moore, Director of Adult Education
Contact Phone Number: 812-330-7731

Description of Corrective Action Plan:

Grant sub-recipients will be notified their claims for reimbursement will not be paid until sufficiently detailed documentation of expenditures is provided. Such documentation must include detailed copies of receipts and invoices paid for merchandise and services associated with the grant. The receipts and invoices must show the date of the purchase and show the items or services purchased. Timesheets must be provided documenting the pay of personnel paid with grant funds and a copy of the ledgers in which the expenditures were recorded must be provided.

Once the appropriate documentation has been received the MCCSC Director of Adult Education will review the documentation to determine if the expenditures for which reimbursement is requested are allowable expenditures under the terms of the grant and whether the expenditures were made within the grant period. The Director of Adult Education will either forward the documentation of expenditures to the office of the Director of Business Operations with a recommendation that the expenditures be reimbursed or, if the documentation is insufficient, will contact the sub-recipient requesting additional documentation be provided.

The Director of Business Operations or the Assistant Director of Business Operations will review the documentation and recommendation received from the Director of Adult Education and will determine whether sufficient funds remain in the budget to provide the reimbursement requested.

Reimbursement will only be made after the documentation has been received and reviewed by the Director of Adult Education and the Director/Assistant Director of Business Operations.

Anticipated Completion Date: Effective Immediately, April 17, 2015

Robert D. Moore
(Signature)

Director of Adult Education

(Title)

April 22, 2015

(Date)

315 E. North Drive, Bloomington, IN 47401 • Ph. (812) 330-7700 • Fax (812) 330-7813 • www.mccsc.edu

OUR MISSION: Empowering students to maximize their educational success to become productive, responsible global citizens.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PUBLIC WORKS PROJECTS

The School Corporation had several contracts that required change orders. Of the contracts tested for audit, 35 percent had change orders that were not approved by the School Board.

Indiana Code 36-1-12-18(a) states:

"If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor."

Indiana Code 36-1-12-18(d) states in part: "The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract."

CAPITAL ASSETS

During the audit, a request for capital asset records was made. The School Corporation stated that the capital asset records had not been updated since the last audit.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)



MONROE COUNTY
COMMUNITY SCHOOL CORPORATION
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2014 Indiana "A" School Corporation

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Mr. Mike Watson, Director of eLearning Strategies

OFFICIAL RESPONSE

May 12, 2015

State Board of Accounts
302 West Washington St., Room E418
Indianapolis, Indiana 46204-2765
ATTN: Paul D. Joyce, State Examiner

Dear Mr. Joyce,

The Monroe County Community School Corporation is providing the following information to be included in the Audit Report for the period ending June 30, 2014:

The Monroe County Community School Corporation is addressing the issues identified in the audit report and plans to comply with the recommendations contained in the report beginning immediately.

Staff members have been advised of the audit exceptions associated with their areas of responsibility. We will comply with the recommendations contained in the audit report.

We appreciate the professionalism shown by our Field Examiners and take their recommendations seriously.

Sincerely,

Timothy Thrasher
Director of Business Operations

MONROE COUNTY COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 6, 2015, with Timothy Thrasher, Director of Business Operations; Dr. Judith DeMuth, Superintendent of Schools; and Keith Klein, President of the School Board.