

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

PLAINFIELD COMMUNITY SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
01/29/2016



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards .....	4-5
Finding 2014-002 - Cash Management and Reporting .....	5-6
Corrective Action Plan.....	7-8
Audit Result and Comment:	
Curricular Materials Rental Charges and Educational Fees .....	9
Exit Conference .....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Felisia A. O'Bold Stacey Smith	07-01-12 to 07-17-13 07-18-13 to 06-30-16
Superintendent of Schools	Scott Olinger	07-01-12 to 06-30-16
President of the School Board	Dana Johnson Scott Flood Bart Beal Mark Todisco	07-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE PLAINFIELD COMMUNITY SCHOOL  
CORPORATION, HENDRICKS COUNTY, INDIANA

This report is supplemental to our audit report of the Plainfield 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/](http://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 Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, were not verified for accuracy.

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

August 13, 2015

PLAINFIELD COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2014-001 - 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 Treasurer was the only person involved in the preparation of the SEFA; there was no other review, oversight, or approval.

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 Child Nutrition Cluster was omitted for 2013-2014 school year this resulted in the SEFA being understated by \$754,879 at June 30, 2014.
- The expenditures for the Special Education Cluster were understated \$60,864 and \$19,294 for the school years 2012-2013 and 2013-2014, respectively.
- Some program names were incorrect.

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.

PLAINFIELD COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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.
- (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 - CASH MANAGEMENT AND REPORTING***

Federal Agency: Department of Education

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

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-063-PN01, 14212-063-PN01,  
14213-063-PN01, 14214-063-PN01,  
99914-063-TA01, 45711-063-PN01,  
45712-063-PN01, 45713-063-PN01,  
45714-063-PN01

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 Cash Management and Reporting compliance requirements that have a direct and material effect to the programs.

The School Corporation submits requests for reimbursement to the pass-through entity. These requests for reimbursement are integral components of both the Cash Management and Reporting compliance requirements. The Treasurer is the only individual involved in the preparation and submission of the request for reimbursement; there is no other review, oversight, or approval. The School Corporation had not established procedures for the verification of the reimbursement requests prior to submission to the pass-through agency.

PLAINFIELD COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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.

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."

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's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.





Plainfield Community School Corporation  
985 Longfellow Lane • Plainfield, IN 46168  
www.painfield.k12.in.us  
317-839-2578 P  
317-838-3664 F

**August 12, 2015**

**RE: Section III Findings**

**FINDING 2014 - 001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Contact Person: Stacey Smith  
Contact Number: 317-839-2578  
Anticipated Completion Date: August 2015

**CORRECTIVE ACTION PLAN**

Plainfield Community School Corporation will implement a proper system of internal controls to prevent, detect, or correct errors on the Schedule of Expenditures of Federal Awards (SEFA).

This system will be implemented in August 2015 when submitting the 2014-2015 State Board of Accounts Annual Financial Report.

Signed Stacey D Smith  
Titled Treasurer  
Date 08-12-2015



Plainfield Community School Corporation  
985 Longfellow Lane • Plainfield, IN 46168  
www.painfield.k12.in.us  
317-839-2578 P  
317-838-3664 F

**August 12, 2015**

**RE: Section II Findings**

**FINDING 2014 - 002 – CASH MANAGEMENT AND REPORTING**

Contact Person: Stacey Smith  
Contact Number: 317-839-2578  
Anticipated Completion Date: July 2015

**CORRECTIVE ACTION PLAN**

Plainfield Community School Corporation will implement an internal control system to prevent, detect, and correct errors on Cash Management Reports.

The internal control procedures were implemented in July 2015 for all Cash Management Reports.

Signed Stacey D Smith  
Titled Treasurer  
Date 08-12-2015

PLAINFIELD COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***CURRICULAR MATERIALS RENTAL CHARGES AND EDUCATIONAL FEES***

Curricular materials rental fees were generated from a spreadsheet provided by the Assistant Superintendent of Schools. Upon recalculation of the curricular materials rental rate, it was discovered that the School Corporation charged more than allowable rate per statute for several of the curricular materials that were tested.

The School Corporation's Extra-Curricular Account Treasurers collected educational fees as part of the students' curricular materials rental fees and remitted these educational fees to the School Corporation Treasurer for posting to the General fund. Written guidance from the School Corporation's attorney was not provided that determined whether or not the fees violate the Indiana Constitution.

During the audit period, Indiana Code 20-26-12-2 stated in part:

"(a) A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is:

- (1) in compliance with the minimum certification standards of the state board; and
- (2) located within the attendance unit served by the governing body.

The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials.

(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of curricular materials that have been:

- (1) extended for usage by students under section 24(e) of this chapter; and
- (2) paid for through rental fees previously collected."

Indiana Code 20-26-4-1(d) concerning duties of the School Corporation Treasurer, states in part:

"The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

PLAINFIELD COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2015, with Scott Olinger, Superintendent of Schools; Jud Wolfe, Assistant Superintendent of Schools; Stacey Smith, Treasurer; and Mark Todisco, President of the School Board.