

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

BARTHOLOMEW COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
05/18/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vaughn Sylva	07-01-12 to 06-30-16
Superintendent of Schools	John B. Quick	07-01-12 to 06-30-16
President of the School Board	John Anderson Rich Stenner Jeff Caldwell Robert Abrams Jill Shedd	07-01-12 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 01-01-16 to 12-31-16



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TO: THE OFFICIALS OF THE BARTHOLOMEW CONSOLIDATED  
SCHOOL CORPORATION, BARTHOLOMEW COUNTY, INDIANA

This report is supplemental to our audit report of the Bartholomew Consolidated 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 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

March 9, 2016

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2014-001 - CASH AND INVESTMENTS***

We identified a deficiency in the internal control system of the School Corporation related to Cash and Investments. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

Bank reconciliations were completed on a monthly basis; however, there was no documentation of a control in place to ensure that identified reconciling items were appropriate, supportable, and recorded timely.

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)

***FINDING 2014-002 - 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 is the only individual involved in the preparation of the SEFA; there is no other review, oversight, or approval of the report or other control to ensure the SEFA is accurate. 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 Education Jobs Fund program was omitted for the 2012-2013 school year; this resulted in the SEFA being understated by \$2,116,856.
- The Mathematics and Science Partnerships program was omitted for the 2012-2013 and 2013-2014 school years; this resulted in the SEFA being understated by \$156,791 and \$57,860, respectfully.
- The Learn and Serve America - School and Community Based Programs was omitted for the 2012-2013 school year; this resulted in the SEFA being understated by \$10,484.
- The Adult Education - Basic Grants to States program reported expenditures from State funding; this resulted in the SEFA being overstated for the 2012-2013 and 2013-2014 school years by \$328,046 and \$429,252, respectfully.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- The Adult Education - Basic Grants to States program reported expenditures of \$11,496 for the EL Civics 11-12 project; however, this included a duplicate reimbursement amount. This resulted in the SEFA being overstated \$5,748.

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.
- (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.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (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 2014-003 - CASH MANAGEMENT AND REPORTING***

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program,  
Summer Food Service

Program for Children

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): 2012-13, 2013-14

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 following compliance requirements: Cash Management and Reporting. 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.

*Cash Management*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund's monthly cash balances were in compliance with the Cash Management requirements. A control process had not been established to ensure that the School Lunch fund's net cash resources are limited to 3 months average expenditures in compliance with Cash Management requirements.

*Reporting*

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The monthly reimbursement request report is independently prepared by the Food Service Director and submitted electronically via the Indiana Department of Education's website. There was no oversight, review, or approval process or other control in place to ensure the monthly reimbursement request reports are correct.

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 programs. 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.



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

***FINDING 2014-004 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Number: 10.553, 10.555, 10.559

Federal Award Number and Year (or Other Identifying Number): 2012-13, 2013-14

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 the Procurement and Suspension and Debarment compliance requirement that had a direct and material effect on 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 and procedures to verify compliance with Procurement and Suspension and Debarment requirements related to vendors selected for procured products and covered transactions. The School Corporation did not verify if the vendors were suspended or debarred.

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."

2 CFR 180.300 states:

"What must I do before I enter into a covered transaction with another person at the next lower tier?"

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

***FINDING 2014-005 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: U.S. Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Number: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number: 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Grants - Grants to States, Special Education - Preschool Grants  
CFDA Number: 84.027, 84.173  
Federal Award Number and Year (or Other Identifying Number): 14211-003-PN01, 14212-003-PN01,  
14213-003-PN01, 14214-003-PN01,  
99914-003TA01, 45711-003-PN01,  
45712-003-PN01, 45713-003-PN01,  
45714-003-PN01  
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education  
Federal Program: Twenty-First Century Community Learning Centers  
CFDA Number: 84.287  
Federal Award Number and Year (or Other Identifying Number): 21ST CCLC Cohort 4, 21ST CCLC  
Cohort 5, 21ST CCLC Cohort 6  
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367  
Federal Award Number and Year (or Other Identifying Number): 2011-12, 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, over the Allowable Costs/Cost Principles compliance requirements. The failure to establish an effective internal control system allowed noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could 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 semiannual certifications and time and effort records are in compliance with program requirements. The Food Service Director failed to maintain semiannual certifications and time and effort records on all full and part time employees paid from the School Lunch fund for the audit period. The Improving Teacher Quality State Grants failed to maintain time and effort records on substitutes. For the remaining grants there were instances where proper time and effort records were not maintained.

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 8.h.(5) unless a statistical sampling system (see subsection 8.h.(6) of this appendix) or other substitute system has been approved by the cognizant Federal agency."

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 enabled material noncompliance to go undetected. Noncompliance with 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's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principles. We also recommended that the School Corporation maintain time and effort records and semiannual certifications for all applicable employees.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

**FINDING 2014-006 - ACTIVITIES ALLOWED OR UNALLOWED**

Federal Agency: U.S. Department of Education  
Federal Program: Twenty-First Century Community Learning Centers  
CFDA Number: 84.287  
Federal Award Number and Year (or Other Identifying Number): 21ST CCLC Cohort 4, 21ST CCLC Cohort 5, 21ST CCLC Cohort 6

Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367  
Federal Award Number and Year: 2011-12, 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education  
Federal Program: Education Jobs Fund  
CFDA Number: 84.410  
Federal Award Number and Year (or Other Identifying Number): 2012-13  
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, over the Activities Allowed or Unallowed compliance requirements. The failure to establish an effective internal control system allowed noncompliance with the compliance requirements. A lack of segregation of duties within an internal control system could also allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs. There was no internal control over the approval of payroll claims. Payroll was not being approved by a responsible official. The School Board were approving the payroll accruals for the pay date (salaries, wages, commissions, taxes), and not a detailed list of payroll.

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 programs. 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-87, Attachment B, Part 8(h), states in part:

*"Support of salaries and wages.* These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. . . ."

BARTHOLOMEW CONSOLIDATED 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 enabled 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's management establish controls, including segregation of duties, and comply with the grant agreement and compliance requirements listed above.

***FINDING 2014-007 - CASH MANAGEMENT AND REPORTING***

Federal Agency: U.S. Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Number and Year (or Other Identifying Number): 21ST CCLC Cohort 4, 21ST CCLC Cohort 5, 21ST CCLC Cohort 6

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

Reimbursement reports for Twenty-First Century Community Learning Centers grants were completed periodically throughout the audit period. When we requested the reimbursement reports for audit, only the form sent to Indiana Department of Education was provided. The School Corporation was not able to provide their supporting documentation for the amounts claimed nor were they able to run reports to match the amounts requested. There was no control in place to ensure reimbursement reports were accurate. Each grant project was accounted for in a fund established by the School Corporation; but we were unable to determine the amounts claimed for reimbursement. We did review the expenditures recorded in the funds established by the School Corporation and those selected for testing were for an allowable activity.

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.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

34 CFR 80.21(d) states:

"*Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

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 enabled 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's management establish controls, including segregation of duties, and comply with the grant agreement and compliance requirements listed above.

***FINDING 2014-008 - PERIOD OF AVAILABILITY***

Federal Agency: U.S. Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Number and Year (or Other Identifying Number): 21ST CCLC Cohort 4, 21ST CCLC Cohort 5, 21ST CCLC Cohort 6

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The School Corporation did not maintain supporting documentation for their requests for reimbursement. As a result, we were unable to determine whether the expenditures claimed were correct and for the period stated on the reimbursement voucher.

The School Corporation did not ensure that all adjustments recorded in the grant funds were for transactions that occurred during the period of availability. Six of thirty-one adjustments sampled were for transactions that occurred outside the period of availability.

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.

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."

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 enabled 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's management establish controls, including segregation of duties, and comply with the grant agreement and compliance requirements listed above.

***FINDING 2014-009 - ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: U.S. Department of Education  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367  
Federal Award Number and Year: 2011-12, 2012-13, 2013-14  
Pass-Through Entity: Indiana Department of Education

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Management of the School Corporation has not established an effective internal control system over the compliance for Activities Allowed or Unallowed. 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.

For the Improving Teacher Quality State Grants, the School Corporation has not designed or implemented policies or procedures to ensure that employees approved in the grant application were paid from federal programs. The grant contract requires grant funds to be used to reduce the number of students in the classroom. Examination of expenditures from the grant during the audit period revealed that expenditures were made for salary and benefits of teachers that were not approved as a part of the grant application.

In September 2012, adjustments were made to the grant for \$106,886.85 for salary and benefits of teachers that were not approved on the grant application. We did not see where the grant was reimbursed for this from the general fund and is therefore considered to be questioned costs.

34 CFR 80.22 states in part:

"(a) Limitation on use of funds. Grant funds may be used only for:

- (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; . . ."

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 enabled 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's management establish controls, including segregation of duties, related to the grant agreement and Activities Allowed or Unallowed compliance requirement.

***FINDING 2014-010 - CASH MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING***

Federal Agency: U.S. Department of Education

Federal Program: Improving Teacher Quality State Grants

CFDA Number: 84.367

Federal Award Number and Year (or Other Identifying Number): 2011-12, 2012-13, 2013-14

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 following compliance requirements: Cash Management, Period of Availability, and Reporting. The failure to establish an effective



BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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.

Reimbursement requests seeking reimbursement for Improving Teacher Quality State Grants were completed periodically throughout the audit period. When grants are funded on a reimbursement basis, program costs must be paid before a reimbursement is requested. The School Corporation submits requests for reimbursement to the Indiana Department of Education. These requests for reimbursement are integral components of both the Cash Management and Reporting compliance requirements. The request for reimbursements were prepared and submitted by the Grant Monitor. The Grant Monitor generated a financial report from the School Corporation's ledger for disbursements paid for the reporting period covered. A spreadsheet was also maintained by the Grant Monitor and attached to the reimbursement form; which documented category, budget, amount of current reimbursement, and total amount spent for the grant. There is no evidence that anyone other than the Grant Monitor was involved in the preparation and submission of the request for reimbursement; there is no other review, oversight, or approval or additional control to ensure the accuracy of the reimbursement requests.

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. Non-compliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the school.

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

***FINDING 2014-011 - REPORTING***

Federal Agency: U.S. Department of Education

Federal Program: Education Jobs Fund

CFDA Number: 84.410

Federal Award Number and Year (or Other Identifying Number): 2012-13

Pass-Through Entity: Indiana Department of Education

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, over the Reporting compliance requirement. 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 is required to submit a reimbursement request to the Indiana Department of Education (IDOE) in order to receive a distribution from the Education Jobs fund. The Treasurer believed the reimbursement request was not necessitated by IDOE; however, upon our inquiry with the Indiana Department of Education they stated the request for reimbursement is a required form to receive a distribution of the funds. Reports were not maintained at the School Corporation; but were rather obtained through IDOE for testing. We considered the failure to have these reports available for audit or knowing the grant requirements to be a material weakness.

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. Non-compliance 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's management establish controls, including segregation of duties, related to the grant agreement and Reporting compliance requirement.

**FINDING 2014 - 001**

Contact Person: Pam Boles  
Contact Number: 812-376-4222  
Anticipated Completion Date: 3/7/2016

**CORRECTIVE ACTION PLAN**

The Deputy Treasurer reviews bank reconcilements on a monthly basis. Effective immediately the Deputy Treasurer will sign the reconcilement to indicate proof that the bank reconcilement was reviewed.

Signed *Pamela K Boles*  
Titled Director of Accounting  
Date 03/07/2016


**FINDING 2014 - 002**

Contact Person: VAUGHN SYLVA  
Contact Number: 812-376-4300  
Anticipated Completion Date: 3/7/16

**CORRECTIVE ACTION PLAN**

This was the first audit where the school corporation prepared this schedule. When I approached the auditors about guidance for what grants and numbers to pull for this report, I was instructed to follow the last audit. So I prepared a schedule that included all the funds from the prior audit, pulling revenue and expenditure numbers as instructed. I learned later there were 3 grants missing and two that had incorrect revenues and/or expenditures.

The corrective action plan for the next audit will have me: (1) start with the grants from this audit, (2) add any that weren't part of this audit, (3) delete those grants that were discontinued, and (4) make an adjustment to the Basic Grants to States program to separate the State and Federal dollars. The report will be reviewed by the Accounting Director.

Signed 

Titled Assistant Superintendent for Finance

Date 3/07/2016

**FINDING 2014 - 003**

Contact Person: Nancy Millspaugh, RD,CD  
Contact Number:812-376-4462  
Anticipated Completion Date: Effective immediately

**CORRECTIVE ACTION PLAN**

**FINDING -2014-003-**

Food Service Director will receive a cash fund balance report to compare monthly to ensure that our net cash resources are limited to three months' average expenditures or will have plans documented as to how the excess is to be encumbered effective immediately.

**FINDING 2014-003-**To ensure that required monthly reimbursement request reports are accurately prepared and submitted, The meal claims reports will be submitted by school food service managers, reviewed and submitted by a food service office personnel, after review and approval by the Food Service Director. A form signifying the claims have been reviewed and submitted properly will be signed and kept on file monthly with the copies of the claims report effective immediately.

Signed Nancy Millspaugh  
Titled Director of Food Service  
Date 3-8-16

**FINDING 2014 - 004**

Contact Person: Nancy Millspaugh, RD, CD

Contact Number: 812-376-4462

Anticipated Completion Date: Effective immediately

**CORRECTIVE ACTION PLAN**

**FINDING 2014-004-** A request for a certificate from a bidder to verify they have not been excluded or disbarred to do business with a federal program has been added to the Notice to Bid and to the spec sheets for Food Service Bids effective immediately.

Signed Nancy Millspaugh  
Titled Director of Food Service  
Date 3-8-16

**FINDING 2014 - 005**

Contact Person: Nancy Millspaugh, RD,CD  
Contact Number: 812-378-4069  
Anticipated Completion Date: 3/31/2016

**CORRECTIVE ACTION PLAN**

**FINDING 2014-005**-Food service director will complete a semi annual certification activity report for employees for the audit period and beyond. This will remain on file at the FS Office with time card information. The FS Personnel Supervisor will complete time and effort records on all full and part time employees paid from the food service department account. These will remain on file at the Food Service Office with time card records effective immediately.

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Signed Nancy Millspaugh  
Titled Director of Food Service  
Date 3-8-16

**FINDING 2014 - 005**

Contact Person: Laura Hack, Director of Elementary Education  
Contact Number: 812-376-4392  
Anticipated Completion Date: 3/7/16

**CORRECTIVE ACTION PLAN**

Time and Effort Records will be kept on substitutes that are paid by grant funds. Our Sub Coordinator will generate the report that verifies their work and the data which supports grant funding of said work will be maintained in the grant file.

Signed 

Titled: Director of Elementary Education

Date: March 7, 2016



**FINDING 2014 - 005**

Contact Person: Anna Villa  
Contact Number: 812-378-3888  
Anticipated Completion Date: 3-7-2016

**CORRECTIVE ACTION PLAN**

Since September 1, 2015, Time & Effort Logs are being properly maintained in the iCARE/Beacon administrative office. We require them to be signed by every staff member at a 21<sup>st</sup> CCLC site on a monthly basis and verified by the Site Coordinator at the school. Finally, they are reviewed and initialed by the Assistant Program Director, Jacob Radford, for accuracy.

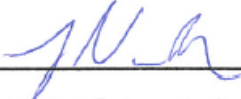
Signed Anna C. Villa  
Titled 21<sup>ST</sup> CCLC Program Director  
Date 3-7-2016

**FINDING 2014 - 005**

Contact Person: George Van Horn  
Contact Number: 812-376-4460  
Anticipated Completion Date: March 9, 2016

**CORRECTIVE ACTION PLAN**

Semi-Annual Certification will be completed and signed by the appropriate administration. If necessary, Time and Effort Logs will be completed and signed by the employee and appropriate administrators. Copies of documentation will be kept with each grant.

Signed   
Titled Director of Special Education  
Date March 9, 2016

**FINDING 2014 - 006**

Contact Person: Pam Boles  
Contact Number: 812-376-4222  
Anticipated Completion Date: 3/7/2016

**CORRECTIVE ACTION PLAN**

Since 2014, a payroll total sheet has been completed and signed off by payroll, and the Deputy Treasurer. An accounts payable voucher is also completed that is signed by payroll and Corporation Treasurer. We will continue to use this process, after each payroll.

Currently, an accounts payable docket register/check register is presented to the School Board for their approval and signature. Effective immediately, the payroll total(s) will be added to the accounts payable docket for School Board approval.

Signed Pamela R. Boles  
Titled Director of Acctg  
Date 3/7/2016

**FINDING 2014 – 007**

Contact Person: Anna Villa  
Contact Number: 812-378-3888  
Anticipated Completion Date: 3-7-2016

**CORRECTIVE ACTION PLAN**

The individuals that complete and sign the reimbursement requests are only those directly associated with the grants- Anna Villa; director of the program, Jennifer Edwards; finance manager of the program, Paula Betros; BCSC grant monitor, also reviews the reimbursement requests. We will provide and maintain support documentation for reimbursement requests.

Signed Anna C. Villa  
Titled 21<sup>ST</sup> CCIC Program Director  
Date 3-7-2016

**FINDING 2014 – 008**

Contact Person: Anna Villa  
Contact Number: 812-378-3888  
Anticipated Completion Date: 3-7-2016

**CORRECTIVE ACTION PLAN**

Currently support documentation such as, the grant approval letter, reimbursement request form and budget amendment form is being maintained and will provide confirmation of the period of availability for each grant. The program director, Anna Villa, along with the BCSC Title I director, Chad Phillips and BCSC grant monitor, Paula Betros, review these details regularly.

Signed Anna C. Villa  
Titled 21<sup>ST</sup> CELE Program Director  
Date 3-7-2016

**FINDING 2014 - 009**

Contact Person: Laura Hack, Director of Elementary Education  
Contact Number: 812-376-4392  
Anticipated Completion Date: 3/7/16

**CORRECTIVE ACTION PLAN**

In order to ensure that grant funds are expended only for allowable activities, the grant monitor has been involved with the Title II grant application submission and fund monitoring for the past few years, along with the Director of Elementary Education. Only teachers that have been listed on the approved grant application are assigned to be charged to the grant payroll. When completing the semi-annual certifications, we always confirm that teachers who have been paid with these funds have been approved on the current grant. Also, close monitoring of the payroll expenses in our financial system takes place on a monthly basis to review charges and correct any errors. When we submit the requests for reimbursement, they are as accurate as they can possibly be, to the best of our knowledge at the time of submission. If any errors are found after submission, we pursue corrections as quickly as possible both with our state contacts when necessary and the BCSC accounting and payroll departments. In order to provide reasonable assurance that we are managing this grant award in compliance with all federal requirements, supervisor verification of each document takes place prior to submission.

Signed \_\_\_\_\_



Titled: Director of Elementary Education

Date: March 8, 2016

**FINDING 2014 - 010**

Contact Person: Laura Hack, Director of Elementary Education


Contact Number: 812-376-4392

Anticipated Completion Date: 3/7/16

**CORRECTIVE ACTION PLAN**

Preparation and submission of reimbursement requests are now completed and reviewed by both the grant monitor and the Director of Elementary Education. The form is provided to us by the DOE and currently requires two signatures. Copies of each form submitted, along with supporting documentation, are maintained in the grant file.

Signed \_\_\_\_\_



Titled: Director of Elementary Education

Date: March 7, 2016

**FINDING 2014 - 011**

Contact Person: VAUGHN SYLVA  
Contact Number: 812-376-4300  
Anticipated Completion Date: 3/7/16

**CORRECTIVE ACTION PLAN**

All requests and reports associated with the Education Jobs Fund grant were filed with the Indiana Dept. of Education in a timely manner. However, when the auditors requested a copy of those documents, they couldn't be located at the time. They were later found, having been saved in a different file than was typically used for requesting reimbursements. The corrective action plan entails printing copies of all reports and requests for reimbursement as well as filing the .pdfs in the DOE file.

Signed Vaughn Sylva  
Titled ASST/SUPT - FINANCE  
Date 3/7/16



BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**PAYROLL SCHEDULE AND VOUCHER**

There was no formal approval of payroll by the Superintendent or Business Office Manager; by the Treasurer; or by the School Board.

The Payroll Schedule and Voucher (General Form 99) should be used to prepare all payrolls from the attendance records of the employees listed thereon. The attendance information should be supplied to the business office by the school principal or by the department head for all employees under his jurisdiction or supervision.

Upon completion of the payroll claim by the business office, the certificate must be executed by the superintendent of schools or the business manager of the school corporation (provided the business manager is not also the treasurer) and the attest or approval signed by the treasurer of the school corporation. The payroll claim should then be processed, numbered, allowed by the school board and filed in numerical sequence with other claims.

The applicable amounts will be posted from the form to the proper expenditure account, program and fund, as well as to the Employee's Earnings Record (Form 99B). (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 2)

**CORE 40 WITH TECHNICAL DIPLOMA - INCORRECT REPORTING TO THE STATE**

The information presented for audit, indicated technical honors graduation figures were under reported for the Class of 2012 and over reported for the Class of 2013. The difference between the count reported on the Technical Honors Diploma and the verified figures are shown below:

<u>Honors Diploma Type</u>	<u>Graduating Class Year</u>	<u>Reporting Date to the DOE</u>	<u>Count as Reported to the DOE</u>	<u>Actual Diploma Figures</u>	<u>Difference</u>
Technical	2012	Fall 2012	25	27	-2
Technical	2013	Fall 2013	32	30	2

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

***AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE***

The information presented for audit indicated enrollment figures on Form No. 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2013, and June 30, 2014.

The enrollment count date for school year 2012-2013 was September 14, 2012. The enrollment count dates for school year 2013-2014 were September 13, 2013, and February 4, 2014. There were no discrepancies for the September 2013 total count. However, the differences between the counts reported on the ADM and the verified figures are shown below.

<u>School Year</u>	<u>Collection Date</u>	<u>Grade</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2012-2013	September 14, 2012	Kindergarten/1st -12th	10,609	10,614	-5
2013-2014	February 4, 2014	Kindergarten/1st -12th	10,740	10,744	-4

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 9, 2016, with Vaughn Sylva, Treasurer; Pam Boles, Deputy Treasurer; John B. Quick, Superintendent of Schools; and Jill Shedd, President of the School Board.