

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREATER CLARK COUNTY SCHOOLS

CLARK COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
11/18/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Executive Officer/Treasurer	Dr. Thomas Dykiel	07-01-13 to 06-30-17
Superintendent of Schools	Dr. Andrew T. Melin	07-01-13 to 06-30-18
President of the School Board	Christina R. Gilkey Mark Pavey	01-01-13 to 12-31-13 01-01-14 to 12-31-16



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TO: THE OFFICIALS OF THE GREATER CLARK COUNTY SCHOOLS, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Greater Clark County Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. 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

September 29, 2016

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS

FINDING 2015-001 - 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 SEFA was prepared by the Deputy Treasurer and reviewed by the Chief Executive Officer/Treasurer; however, this control was not effective in ensuring that the SEFA was accurate and correct prior to submission.

During the audit of the SEFA, the following errors were noted:

1. Commodities for the National School Lunch Program totaling \$196,413 and \$302,810 were not reported for the years ending June 30, 2014 and 2015, respectively.
2. Expenditures reported for Title I Grants to Local Educational Agencies were overstated by \$859,000 for the year ended June 30, 2015.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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:

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

- (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."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected in addition to the errors contained in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-002 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

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

CFDA Number: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14, FY 15

Pass-Through Entity: Indiana Department of Education

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management and Eligibility.

Cash Management

The Chief Executive Officer/Treasurer reviewed the School Lunch fund on a regular basis to ensure that the balance did not exceed the average expenditures for three months; however, there was no documentation of this review.

Eligibility

The federal income guidelines used to determine eligibility were uploaded into the school lunch software by the School Corporation's software vendor. The Confidential Clerical Secretary reviewed the guidelines that were uploaded to ensure that they were correct; however, there was no documentation of this review.

Context

The lack of properly designed or implemented internal controls over the compliance requirements listed above was evident for all awards during both years of the audit period.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions related to Cash Management and Eligibility.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-003 - INTERNAL CONTROLS OVER NATIONAL SCHOOL LUNCH PROGRAM

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14, FY 15

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Paid Lunch Equity.

The Food Service Director was solely responsible for determining compliance with the Paid Lunch Equity requirement. There was no evidence to suggest proper segregation of duties such as an oversight or approval process was in place.

Context

The lack of properly designed or implemented internal controls over the compliance requirements listed above was evident for all awards during both years of the audit period.

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions related to Special Tests and Provisions - Paid Lunch Equity.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-004 - SPECIAL TESTS AND PROVISIONS

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14, FY 15

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

The Confidential Clerical Secretary was solely responsible for performing the verifications. An oversight or review process had not been established to ensure proper verification of the applications.

In determining eligibility during the verification process, instances were noted where the Confidential Clerical Secretary did not always properly include all components of income such as commissions, tips, overtime, shift differential, sick pay, vacation pay, holiday pay, and bonus pay. An instance was also noted where the verification of eligibility was determined by calculating the projected annual household income using a bi-monthly rate of pay when the income source documentation provided by the applicant was for a bi-weekly rate of pay.

Context

Of the 25 applications tested, there were 9 instances in which the verification was performed incorrectly and would have resulted in a change in the eligibility status of the applicants.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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. . . ."

7 CFR 245.6(c)(4) states:

"*Calculating income.* The local education agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in §245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in §245.2, the children in that household must be approved for free or reduced priced benefits, as applicable."

7 CFR 245.6(c)(3)(iii) states:

"*Changes resulting from verification or administrative reviews.* The local educational agency must change the children's eligibility status when a change is required as a result of verification activities conducted under §245.6a or as a result of a review conducted in accordance with §210.18 of this chapter."

7 CFR 245.6a(f)(7) states in part: "*Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions related to Special Tests and Provisions - Verification of Free and Reduced Price Applications.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): 12-1010, 13-1010, 14-1010, 15-1010
Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

The School Corporation had not implemented adequate controls to ensure that Semi-Annual Certifications were prepared and retained for audit.

Context

Semi-Annual Certifications were requested for 26 of the 171 employees that were paid from the program funds during the audit period; however, the 26 Semi-Annual Certifications requested were not presented for audit.

Criteria

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-87, Attachment B, item 8(h)(3) states in part:

"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."

Cause

Management had not developed a system of internal controls that segregated key functions related to Allowable Costs/Cost Principles.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-006 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-1010, 14-1010, 15-1010

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

The following problems were identified with costs charged to the grant program:

1. The School Corporation did not contract directly with the instructors who provided educationally related services to delinquent and neglected children. Instead, it paid Title I funds directly to the institutions that employed the instructors.
2. Supporting documentation attached to the claims for payments made to the delinquent institution were not always properly itemized showing dates and type of services provided.
3. Semi-Annual Certifications were not retained and presented for audits.

Context

One-hundred percent of the claims paid to the delinquent and neglected institutions were tested in the amounts of \$43,315 and \$28,748, respectively, resulting in improperly itemized payments to the delinquent institution in the amount of \$37,840.

Semi-Annual Certifications were requested for 3 of the 3 employees that were paid from the program funds during the audit period; however, the 3 Semi-Annual Certifications requested were not presented for audit.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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. . . ."

20 USC 7881 (d) states in part:

"(1) In general

The control of funds used to provide services under this section, and title to materials, equipment, and property purchased with those funds, shall be in a public agency for the uses and purposes provided in this chapter, and a public agency shall administer the funds and property.

(2) Provision of services

(A) In general

The provision of services under this section shall be provided-

- (i) by employees of a public agency; or
- (ii) through contract by the public agency with an individual, association, agency, organization, or other entity.

(B) Independence; public agency

In the provision of those services, the employee, person, association, agency, organization, or other entity shall be independent of the private school and of any religious organization, and the employment or contract shall be under the control and supervision of the public agency. . . ."

OMB Circular A-87, Attachment A, Part C(1) states in part:

"Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria: . . .

- j. Be adequately documented."

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

"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."

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions related to Allowable Costs/Cost Principles.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Questioned costs were identified in the amount of \$37,840 due to the lack of sufficient supporting documentation for the claims paid to the delinquent institution.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-007 - ELIGIBILITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-1010, 14-1010, 15-1010

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Eligibility.

The records provided by the School Corporation for the public enrollment and public poverty data did not agree with the Eligible School Summary Reports in the Title I grant applications for the 2013, 2014, and 2015 grants.

Context

There were three grant applications during the audit period in which the data in the Eligible School Summary Reports did not agree to the data in the records presented for audit.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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. . . ."

34 CFR 76.700 states: "A State and a subgrantee shall comply with the State plan and applicable statutes, regulations, and approved applications, and shall use Federal funds in accordance with those statutes, regulations, plan, and applications."

34 CFR 200.78(a)(1) states in part:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

Cause

Management had not developed a system of internal controls that segregated key functions related to Eligibility.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

***FINDING 2015-008 - INTERNAL CONTROLS OVER TITLE I
GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-1010, 14-1010, 15-1010
Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirements: Special Tests and Provisions - Participation of Private School Children, Comparability, and Highly Qualified Teachers and Paraprofessionals.

Participation of Private School Children

The Title I Director was solely responsible for performing consultations with private school officials and completing and signing the Affirmation of Consultation with Private School Officials. There was no evidence provided to suggest proper segregation of duties such as an oversight or approval process was in place to ensure consultation with private school officials took place.

Comparability

The Title I Director was solely responsible for completing and submitting the required Comparability Report. There was no evidence to suggest proper segregation of duties such as an oversight or approval process was in place to ensure that Comparability Reports were accurate.

Highly Qualified Teachers and Paraprofessionals

Teachers and paraprofessionals completed required verification forms; however, the verification forms did not always contain the signature of the supervisor or principal indicating that they verified that the teacher or paraprofessional was highly qualified.

Context

The lack of properly designed or implemented internal controls over the compliance requirements listed above was evident for all awards during both years of the audit period.

Criteria

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. . . ."

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions related to Special Tests and Provisions - Participation of Private School Children, Comparability, and High Qualified Teachers and Paraprofessionals.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-009 - SPECIAL TESTS AND PROVISIONS - ANNUAL REPORT CARD, HIGH SCHOOL GRADUATION RATE

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-1010, 14-1010, 15-1010

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system, which would have included segregation of duties, related to the grant agreement and the following compliance requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

The School Corporation had not established adequate controls to ensure that supporting documentation to support the reason for a student's removal from the cohort was retained for audit.

Context

Supporting documentation to support the reason for the student's removal from the cohort for 2 of the 11 students tested was not presented for audit.

GREATER CLARK COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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. . . ."

34 CFR 80.42(e)(1) states:

"The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and subgrantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts."

34 CFR 200.19(b)(ii)(B) states:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.
- (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

Cause

Management had not developed a system of internal controls that segregated key functions related to Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



Dr. Tom Dykiel | Chief Financial Officer

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812.288.4802 ext. 50121 | tdykiel@gcs.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079

Views of Responsible Official:
We concur with the findings.

Description of Corrective Action Plan:
Additional internal controls will be instituted to ensure the SEFA is accurate and correct prior to submitting. This will include one person inputting the information and another person reviewing it for accuracy.

Anticipated Completion Date:
October 1, 2016



(Signature)



(Title)



(Date)



Dr. Tom Dykiel | Chief Financial Officer

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CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079

Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:

Cash Management

The CFO will document the monthly review
Eligibility

The Confidential Clerical Secretary for food service reviews will document the review performed to ensure that the Federal income guidelines uploaded into the school lunch software program by the School Corporation's software vendor are correct.

Anticipated Completion Date:
Started 6/1/16

(Signature)

CFO

(Title)

9/23/16

(Date)



Dr. Tom Dykiel | Chief Financial Officer

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CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079


Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
Monthly, the Food Service Director will meet with the CFO to determine the compliance with the Paid Lunch Equity Requirement and documentation will be developed for future audits. The confidential secretary will document the review of the Federal Guidelines to the information provided by the software vendor.


Anticipated Completion Date:
October 1, 2016



(Signature)



(Title)



(Date)



Dr. Tom Dykiel | Chief Financial Officer

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CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079

Views of Responsible Official:
We concur with the findings.

Description of Corrective Action Plan:
Both confidential secretaries will be involved in the verification of Free/Reduced Price Applications and document it with both of their signatures. Additional training will be given to both confidential secretaries to verify that they are using all available income in their determination of eligibility.

Anticipated Completion Date:
September 1, 2016



(Signature)

CFO

(Title)

9/22/16

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079

Views of Responsible Official:
We concur with the findings.

Description of Corrective Action Plan:
The Director of the Grants will be responsible for attaining all certifications for employees working in grants and will submit a copy to the HR department to become part of the employees permanent file for future audits.

Anticipated Completion Date:
November 1, 2016



(Signature)



(Title)



(Date)



Dr. Tom Dykiel | Chief Financial Officer

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CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079

Views of Responsible Official:
We concur with the findings.

Description of Corrective Action Plan:

The School Corporation will contract directly with the instructors who provided educationally related services to delinquent and neglected children.

Claims for payments will require sufficient supporting documentation prior to making payment. Any claim without sufficient documentation will not be paid.

Costs charged to the grant program related to salaries and benefits will be supported by proper documentation. The Director of the Grants will be responsible for attaining all certifications for employees and contractors working in grants and these will be made available for future audits.



(Signature)

CFO

(Title)

8/23/16

(Date)

Anticipated Completion Date:
November 1, 2016



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CORRECTIVE ACTION PLAN

FINDING 2015-007


Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079

Views of Responsible Official:
We concur with the finding.


Description of Corrective Action Plan:

There will be a segregation of duties to ensure that data for the public enrollment and public poverty data agree with the eligible school summary reports. Also, proper documentation will be printed and signed showing the data required for the Title I Grant. Printed and signed copies of the non-public enrollment and the non-public poverty data reported in the Eligible School Summary Reports will be created for audit purposes.

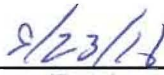
Anticipated Completion Date:
November 1, 2016



(Signature)



(Title)



(Date)

CORRECTIVE ACTION PLAN

FINDING 2015-008

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel

Views of Responsible Official:
We concur with the findings.

Description of Corrective Action Plan:

There will be a segregation of duties to ensure that we have received proper documentation for the teacher or para professional was highly qualified which includes Praxis Exam completed and degree attained. These items will be signed and submitted to the Director of the Grant and to Human Resources who will then E-Verify this information with the state and put a copy in the employees permanent record.

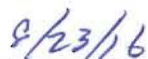
Anticipated Completion Date:
November 1, 2016



(Signature)



(Title)



(Date)



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CORRECTIVE ACTION PLAN

FINDING 2015-009

Contact Person Responsible for Corrective Action: Dr. Thomas J. Dykiel
Contact Phone Number: 812-920-1079


Views of Responsible Official:
We concur with the finding.

Description of Corrective Action Plan:
Adequate controls will be established to ensure that supporting documentation was attained to support the reason for a student's removal from the cohort.

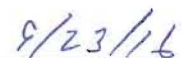
Anticipated Completion Date:
November 1, 2016



(Signature)



(Title)



(Date)

GREATER CLARK COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCE

The Prepaid Meals fund was overdrawn by \$26,820 and \$25,009 at June 30, 2014, and June 30, 2015, respectively.

A similar comment was made in Report B44195.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

RECONCILIATION OF THE PREPAID MEALS ACCOUNT

The School Corporation had a Child Nutrition Prepaid Meals system. The subsidiary records, which maintained a balance by student, was not reconciled to the cash balance of the Prepaid Meals funds at the end of each month.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

GREATER CLARK COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on September 29, 2016, with Dr. Andrew T. Melin, Superintendent of Schools; Dr. Thomas Dykiel, Chief Executive Officer/Treasurer; Mark Pavey, President of the School Board; Christina R. Gilkey, Vice President of the School Board; C. Anthony Hall, School Board member; and Teresa Zolman, School Board member.