

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GREENWOOD COMMUNITY SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED

03/02/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Randy Burns Todd Pritchett Stephanie Porter	07-01-12 to 06-30-13 07-01-13 to 01-12-15 01-13-15 to 06-30-16
Superintendent of Schools	David E. Edds Kent DeKoninck	07-01-12 to 06-30-13 07-01-13 to 06-30-16
President of the School Board	Joseph W. Farley	07-01-12 to 06-30-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE GREENWOOD COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of the Greenwood Community School Corporation (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings 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.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, was not verified for accuracy.

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

December 9, 2015

GREENWOOD COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

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

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The 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. A lack of segregation of duties within an internal control system could allow material misstatements of the SEFA to remain undetected.

During the audit of the SEFA, we noted the following errors: the programs for the Child Nutrition Cluster for both school years were not included on the SEFA; in school year 2012-2013, the programs for the Title I, Part A Cluster, English Language Acquisition State Grants, Improving Teacher Quality State Grants, and Education Jobs Fund were not included on the SEFA; in school year 2013-2014, the Title II was not included on the SEFA. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

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

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

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

GREENWOOD COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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

***FINDING 2014-002 - CASH MANAGEMENT, REPORTING,
LEVEL OF EFFORT, AND PERIOD OF AVAILABILITY***

Federal Agency: Department of Education

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

CFDA Number: 84.027, 84.173

Federal Award Number and Year (or Other Identifying Number): 14211-033-PN01; 14212-033-PN01;
14213-033-PN01; 14214-033-PN01;
99914-033-TA01; 45712-033-PN01;
45713-033-PN01; 45714-033-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Cash Management, Reporting, Level of Effort, and Period of Availability.

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

Level of Effort: The School Corporation prepared the Excess Cost Calculator and Maintenance of Effort worksheets required for the Level of Effort requirements. Based on inquiry with the School Corporation's Financial Manager, these worksheets are prepared by one employee and there are no policies in place to ensure that these worksheets are reviewed by someone other than preparer.

Period of Availability: The Treasurer was aware of the Period of Availability compliance requirement and there was evidence that this had been communicated to the other business office staff, however, there was no evidence that the expenditures had been reviewed for compliance prior to payment.

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.

GREENWOOD COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the 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-133, Subpart C, section .300 states in part:

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

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

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

Greenwood Community School Corporation

605 West Smith Valley Road
Greenwood, IN 46142



Telephone: (317) 889-4060
Fax: (317) 889-4068

Summary Schedule of Audit Findings

FINDING 2014-001, PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year: 2012-13, 2013-14
Auditee Contact Person: Todd Pritchett
Title of Contact Person: Assistant Superintendent
Phone Number: 317-889-4060

CORRECTIVE ACTION

ERRORS IN REPORTING EXPENDTURES ON SEFA: Will be addressed through internal controls. After SEFA is prepared, the report will receive a secondary review by either the Treasurer or Deputy Treasurer.

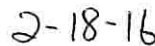
FINDING 2014-002, CASH MANAGEMENT, REPORTING, LEVEL OF EFFORT AND PERIOD OF AVAILABILITY

Fiscal Year: 2012-13, 2013-14
Federal Agency: DOE
Program: Special Education Cluster
CFDA Number: 84.027, 84.173

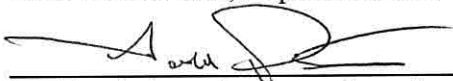
CORRECTIVE ACTION: CASH MANAGEMENT, REPORTING, LEVEL OF EFFORT AND PERIOD OF AVAILABILITY: The corporation has established communication with the Special Education Cluster, Special Services Johnson County and Surrounding Schools and participating schools to address these findings. Internal controls have been established for review at the Special Services Office in addition to financial reports and grant period of availability information being sent to school corporations' business offices on a monthly basis for individual school review. Greenwood will have the treasurer review and a secondary review by the business manager for these documents in addition to preparing the MOE and Level of Effort reports and supporting documentation to the Co-op which will also receive review by someone other than the preparer. This review is planned to be inclusive of all funds and programs including Federal grants.



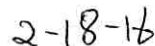
Kent DeKoninck, Superintendent



Date



Todd Pritchett, Assistant Superintendent



Date

GREENWOOD COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2015, with Todd Pritchett, Assistant Superintendent of Schools, and Stephanie Porter, Treasurer.