

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CLARKSVILLE COMMUNITY SCHOOL CORPORATION

CLARK COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/22/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Judith N. Sanderson Christi Pruitt	07-01-12 to 05-03-15 05-04-15 to 12-31-16
Superintendent of Schools	Dr. Kimberly Knott	07-01-12 to 12-31-17
President of the School Board	William P. Wilson	07-01-12 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CLARKSVILLE COMMUNITY
SCHOOL CORPORATION, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the Clarksville 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 and should be viewed in conjunction with the Audit Result and Comment as described below.

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

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

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

July 28, 2016

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

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

Condition

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 had 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 went undetected.

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

1. Expenditures of the Child Nutrition Cluster were understated by \$353,102 and \$552,487 for the 2012-2013 and 2013-2014 school years, respectively.
2. Expenditures of the Child Nutrition Discretionary Grants Limited Availability program were understated by \$1,595 for the 2012-2013 school year.
3. Expenditures of the Title I, Part A Cluster were overstated by \$1,657,790 and understated by \$118,939 for the 2012-2013 and 2013-2014 school years, respectively.
4. Expenditures of the Special Education Cluster (IDEA) were overstated by \$437,107 for the 2012-2013 school year.
5. Expenditures of the Teacher Incentive Fund Cluster were understated by \$290,007 and \$278,157 for the 2012-2013 and 2013-2014 school years, respectively.
6. Expenditures of the English Language Acquisition State Grants were understated by \$2,070 for the 2013-2014 school year.
7. Expenditures of the Improving Teacher Quality State Grants were overstated by \$4,795,881 and understated by \$60,301 for the 2012-2013 and 2013-2014 school years, respectively.
8. Expenditures of the Education Jobs Fund were overstated by \$583,017 for the 2012-2013 school year.
9. Expenditures in the amount of \$84,752 were reported during the 2012-2013 school year for a grant that should not have been included on the SEFA.

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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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.
- (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

Material errors were allowed to be reported on the SEFA and not be detected.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, disbursements, and cash and investment activities.
2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal control.

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)

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish controls would have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system would have placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

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

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

**FINDING 2014-003 - 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): SY 2011/2012, SY 2012/2013,
SY 2013/2014

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: Cash Management, Eligibility, Period of Availability, Reporting, and Special Tests and Provisions - Participation of Private School Children and Schoolwide Programs.

Cash Management

The Treasurer prepared and submitted the Reimbursement Forms. There was no control in place to ensure that all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursement.

Eligibility

There was no control in place to ensure the application was reviewed and verified for accuracy.

Period of Availability and Reporting

The Reimbursement Forms were completed by the Treasurer; however, there was no oversight or review in place to ensure that the activity took place within the period of availability and that the Reimbursement Forms were accurate and correct.

Special Tests and Provisions - Private School Participation and School Wide Program

There was no control in place to ensure the application was reviewed and verified for accuracy.

Context

Internal control issues occurred throughout 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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system would have 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 would have also allowed noncompliance with 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 2014-004 - ALLOWABLE COSTS/COSTS 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): SY 2011/2012, SY 2012/2013,
SY 2013/2014

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/Costs Principles.

Personnel Activity Reports and Semiannual Certifications were not maintained by all employees to support the time spent on Title I activities. Personnel Activity Reports were maintained by one employee; however the supervisor's and employee's signatures were missing and it did not match payroll records. There were no controls in place to ensure that the reports and certifications were accurate.

Context

There were a total of four Semiannual Certifications required during the audit period and only one was presented for audit. Personnel Activity Reports were maintained for one employee.

Cause

The School Corporation failed to maintain Personnel Activity Reports and Semiannual Certifications.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Costs charged to the grant program related to salaries were not supported by proper documentation in accordance with the Allowable Cost/Cost Principles.

Criteria

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

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

Questioned Costs

The lack of implementing Personnel Activity Reports and Semiannual Certifications resulted in questioned costs of \$14,034.

Recommendation

We recommended that the School Corporation's management establish controls and comply with the grant agreement and 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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2014-005 - INTERNAL CONTROLS OVER TEACHER INCENTIVE FUND

Federal Agency: Department of Education
Federal Program: Teacher Incentive Fund
CFDA Number: 84.374
Federal Award Numbers and Years (or Other Identifying Numbers): FY 11-12, FY 12-13, FY 13-14
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: Cash Management and Reporting.

Cash Management and Reporting

The Treasurer prepared and submitted the monthly reimbursement requests. There was no control in place to ensure that all costs submitted for reimbursement had been incurred and paid prior to requesting reimbursement and that the report was reviewed and verified by someone other than the Treasurer for accuracy.

Context

We reviewed 100 percent of the reimbursement requests during 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 did not develop a system of internal controls that segregated key functions related to Cash Management and Reporting.

Effect

The failure to establish an effective internal control system would have 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 would have also allowed noncompliance with 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.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 2014-006 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-022-PN01, 14214-022-PN01

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.

For the school year 2013-2014, we identified three employees and one contract worker that was paid from Special Education funds; however a Semiannual Certification was not presented for audit.

Context

We verified 100 percent of employees and contractors paid from Special Education funds.

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, section (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."

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system allowed material noncompliance with the grant agreement and the compliance requirement.

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 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.



CLARKSVILLE COMMUNITY SCHOOLS

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CORRECTIVE ACTION PLAN

The purpose of this document is to serve as an attachment and response to the Clarksville Community School Corporation Audit (2012-2014) completed in May, 2016.

On behalf of the Clarksville Community School Corporation Board of School Trustees and the Clarksville staff, I thank the auditors of their time and expertise in conducting this audit. Many positive comments were shared regarding our fiscal operations, and for that, I am grateful.

Please note that the contact person for all corrective actions below will be Dr. Kimberly Knott, the Superintendent of Schools. The phone number is 812-282-7753.

Finding 2014-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

It is important to note for this document that Schedule of Expenditures of Federal Awards (SEFA) was a new reporting mechanism thrust onto Indiana Public Schools for the first time in 2012-2013. To date, no formal training has been provided to districts regarding this new expenditure report. Findings regarding SEFA concerns were documented in almost every school report issued by the State Board of Accounts (SBOA) in 2015-2016; therefore, prompting the SBOA to address the SEFA at the 2016 Budget Workshop Webinar.

The auditors noted that the school corporation did not have a proper system of internal controls in place to prevent, or detect and correct errors on the SEFA.

It should be noted that the 2012-2013 SEFA template was sent to schools from the SBOA via electronic mail. The template, when sent by the SBOA, contained erroneous data and no directions. Districts were not told the data in the SBOA template was erroneous. CCSC was going through a transition of treasurers when the SEFA spreadsheet was sent. The new CCSC treasurer assumed the data was correct and uploaded the information to Gateway. Upon notification by the auditor that the Gateway data contained errors, updates were made during the audit process and resubmitted through Gateway. At that time, it was understood by CCSC that the corrections made would be sufficient so as no findings would be sited regarding the SEFA.

The Corporation has made procedural changes to the SEFA reporting that include, but are not limited to, the following areas:

- Utilization of a Financial Consultant will be used to ensure proper reporting of the SEFA
- The Greater Clark County Special Education Co-op will continue to provide SEFA reporting to CCSC regarding the 611 and 619 grants

Completion Date: June 30, 2016

Finding 2014-002 – INTERNAL CONTROLS OVER FINANCIAL TRNASCTIONS AND REPORTING

The audit questioned the duties of the Treasurer and Deputy Treasurer; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

Clarksville School Corporation has a small administrative staff in central office; therefore, making it difficult to segregate the duties of the Treasurer and Deputy Treasurer. The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

Receipts:

- Receptionist will continue to open mail and receipt all monies on hand-written receipts presented to the administrative office.
- Treasurer will continue to receive money, issue official receipts and post, prepare and review bank deposits.
- Treasurer and Deputy Treasurer will sign *Receipt Posting Journal* generated after posting indicating that posting agrees with logged deposit.
- Receptionist will electronically submit deposit. Notification of such deposits will be sent via email from the bank to the Treasurer for verification.
- Monitoring of Controls – Mr. Michael Turner, Financial Consultant, will provide monitoring as will the Board of School Trustees.

Completion Date: July 26, 2016

Disbursements:

- Department supervisors will continue to authorize purchases, prepare purchase orders, certify receipt of goods or services by preparing a voucher for payment.
- Corporation Treasurer will continue to approve voucher indicating that the invoice voucher of goods received are in agreement.
- Checks will continue to be stored in a secure location with dual signatures verifying what check number sequence is used and the date.
- Claims for Board approval will continue to have dual signatures on them
- Treasurer will continue to write, post and sign checks.
- Treasurer and Deputy Treasurer will sign *Checks new to Check File* report generated after posting indicating that the checks agree with the signed claims.
- Receptionist will continue to mail or distribute checks making sure all checks are accounted for in numerical order, and reconciled with the voucher labels. This will be indicated by check marks.
- Monitoring of Controls – Mr. Michael Turner, Financial Consultant, will provide monitoring as will the Board of School Trustees.

Completion Date: July 26, 2016

Cash and Investment Activities:

- Treasurer will receive bank statement online and prepare bank reconciliation statement.

- Superintendent has been reviewing and approving bank reconciliation beginning April 2016.
- Board of School Trustees has been approving bank reconciliation statements at each month at public board meeting beginning April 2016.

Completion Date: April 2016

Finding 2014-003 – INTERNAL CONTROLS OVER TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

The audit questioned the management of internal controls; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

Cash Management and Period of Availability and Reporting

- Treasurer and Superintendent will sign the monthly reimbursement requests and for accuracy and assurance of activities within the grant period.

Eligibility

Special Tests and Provisions – Private School Participation and School Wide Program

- Poverty Data from the October Real Time Report will be kept in the Title I file.
- Superintendent will review and verify for accuracy the Title I Grant.

Completion Date: June 30, 2016

Finding 2014-004 – ALLOWABLE COSTS/COSTS PRINCIPLES

The audit questioned the management of internal controls related to the Title I grant; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

- Time & Effort Reporting will be maintained and kept in the applicable grant file.
- Semi-Annual Certifications will be maintained and kept in the applicable grant file.

Completion Date: June 30, 2016

Finding 2014-005 – INTERNAL CONTROLS OVER TEACHER INCENTIVE FUND

The audit questioned the management of internal controls for this fund; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

Cash Management and Reporting

- Treasurer and Superintendent will sign the monthly reimbursement requests and for accuracy and assurance of activities within the grant period.

Completion Date: April 16, 2016

Finding 2014-006 – ALLOWABLE COSTS/COST PRINCIPLES

The audit questioned the undocumented time and effort reporting by Special Education Cooperative employees. This caused concern regarding the management of internal controls related to Special Education grants; thereby, creating concern for risk management issues that may arise. The purpose of this response is to provide a plan for addressing this concern.

The Corporation has made procedural changes to accounting practices that include, but are not limited to the following areas:

- Time & Effort Reporting logs will be required from all employees who are compensated using special education dollars. Logs will be required quarterly and will be maintained and kept in the applicable grant file. This process will begin July 1, 2016.
- Semi-Annual certifications forms will be maintained and kept in the applicable grant file beginning July 1, 2016.

Completion Date: June 30, 2017



(Signature)

Superintendent

(Title)

July 26, 2016

(Date)

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

CURRICULAR MATERIAL CHARGES

The curricular material fee charged for a high school biology course exceeded 25 percent of the retail price of the book.

Indiana Code 20-26-12-2(a) states in part:

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

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

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



CLARKSVILLE COMMUNITY SCHOOLS

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**RESPONSE TO AUDIT FINDINGS FOR 2012-2104
PREPARED BY CLARKSVILLE COMMUNITY SCHOOLS
August 8, 2016**

FINDING CURRICULAR MATERIAL CHARGES

Contact Person Responsible Response: Dr. Kimberly Knott
Contact Phone Number: 812-282-7753

The purpose of this document is to serve as an attachment and response to the Clarksville Community School Corporation Audit (2012-2014) completed in May of 2016.

On behalf of the Clarksville Community School Corporation Board of School Trustees and the Clarksville staff, I thank the auditors of their time and expertise in conducting this audit. Many positive comments were shared regarding our fiscal operations, and for that, I am grateful.

FINDING CURRICULAR MATERIAL CHARGES – RESPONSE

This response pertains to the information shared in the exit interview with Clarksville Community Schools on July 28, 2016. The auditors found that the curricular material fee charged for a high school biology II course exceeded twenty-five percent (25%) of the retail price of the book for the audit period. The auditors found this to be in violation of Indiana Code 20-26-12-2(a).

The attached Clarksville High School (CHS) master schedules are evidence that the course was offered every other year at CHS during the audit period. The attached email from Melissa Ambre indicates that the Indiana Department of Finance has suggested that the rental price is calculated by using the years for which the book is used. A reasonable inference is that "...charging for only the years used" could mean the fifty percent (50%) rental fee was acceptable.

Because Indiana Code is silent on this specific issue of textbook rental fees for courses offered every other year, and the Indiana Department of Finance has not clarified its response, I would ask the violation be removed until such time clarification is rendered.

Jinx Main
To: "Ambre, Melissa"

Fri, Aug 5, 2016 at 10:19 AM

Thank you for answering me. One last question....

How do you calculate for a textbook that is used every other year? We offer a Biology II course every other year and want to be sure we calculate it correctly.

Thank you for your help!

Jinx Main
Clarksville High School
[Quoted text hidden]

Ambre, Melissa
To: Jinx Main

Sun, Aug 7, 2016 at 5:04 PM

Jinx

Good afternoon. If you only use it two of four years, you only use two years in the calculation of the rental fee.

Thanks

Melissa

From: Jinx Main
Sent: Friday, August 05, 2016 10:19 AM
To: Ambre, Melissa
Subject: Re: FW: Textbook Rental Calculations

**** This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email. ****

Thank you for answering me. One last question....

How do you calculate for a textbook that is used every other year? We offer a Biology II course every other year and want to be sure we calculate it correctly.

Thank you for your help!

Jinx Main
Clarksville High School

On Fri, Aug 5, 2016 at 8:05 AM, Ambre, Melissa

wrote:

Master Schedule 2012-13

FINAL DRAFT

TEACHER	PERIOD - 1 8:00 – 8:50	PERIOD - 2 8:55 – 9:40	PERIOD - 3 9:45 – 10:30	A / L 10:33–11:03 (A) 11:06–11:36 (B)	PERIOD - 4 11:40 – 12:25	PERIOD - 5 12:30 – 1:15	PERIOD - 6 1:20 – 2:05	PERIOD - 7 2:10 – 3:00
ANDERSON B 121	ENL	CES/CMS	CES/CMS		CES/CMS	CES/CMS	CES/CMS	CES/CMS
BARTSCH B 107	English ID	English ID Lab	Comp / Creative Writing	A	English ID	English ID Lab	English ID	Prep
BIRD F 100	Mentor	Intro & Adv 2D Art/ Intro & Adv 3D Art	Intro & Adv 2D Art/ Intro & Adv 3D Art	B	Intro & Adv 2D Art/ Intro & Adv 3D Art	Intro & Adv 2D Art/ Intro & Adv 3D Art	Prep	Fiber Arts/ Art History
BULLINGTON F 106	Theatre & Adv I/ Theatre & Adv II	Tech Theatre & Adv. I / II	Tech Theatre & Adv. I / II		Theatre & Adv I/ Theatre & Adv II	Prep	CMS	CMS
CARLTON A 302	CMS	CMS	English Lab	B	German II / III	Prep	German II / III	German I
COOPER A 201	Prep	Social Skills A203	Algebra I	A	Algebra I	Math A203	Earth Space Science	Mentor
DAVIS F 108	Chorus	CES/CMS	CES/CMS		CES/CMS	CES/CMS	CES/CMS	CES/CMS
ENGLISH B 109	English 9	English 9	Online Health (A304)	A	English 9	English 9 Honors	English 9	Prep
FERRIE A 200	World History	Government / Government	Prep	B	Government / Government	World History	World History	World History
FYFFE B 117	Algebra II	Discrete / Statistics	Prep	B	Algebra II	Math Lab	Algebra I	Algebra I Enrichment
GASAWAY B 115	Algebra I	Algebra I Enrichment	Prep	A	Algebra I	Pre-Calculus	Mentor	Algebra I Enrichment
GRAY A 204	US History	US History	Prep	A	US History, DC	US History	Sociology/ Sociology	US History
HAHN B 113	Prep	English II	Etymology / Journalism	A	English II	English II	Cred. Recover (A304)	English II
HOWARD A 303	ICP	Chemistry I	Chemistry I	B	Chemistry I	ICP	ICP	Prep
KEELER D 103	Prep	Design / Comp in Design	Manf / Comm	B	Comm / Trans	Cred. Recovery (D101)	Const / Manf	Design / Comp in Design
LEDBETTER B 119	Prep	Geometry	Geometry	A	Algebra I	Algebra I Enrichment	Geometry	Geometry
MCCANDLESS C 100	Online Supervision	Earth & Space Science	Biology I	A	Environmental Science	Earth & Space Science	Earth & Space Science	Prep
MOMAN A 304	Business Tech Lab	Sports / Entertainment Marketing	Per. Fin. Resp./ Per. Fin. Resp. A202		Per. Fin. Resp./ Per. Fin. Resp. A202	Prep	CMS	CMS
MUNSBERGE A 301	Prep	Biology I	Biology II	B	Biology I	Biology I	Biology I	Biology II
PAYNE B 103	English I2	Honor English ID	Prep	A	Online Health (A304)	English I2	Curr. Prob./Curr. Prob.	English I2
PERLIN B 111	Spanish II	Spanish I	Spanish II / III		Spanish I	Prep	CMS	CMS
PRICHARD A 203	Prep	Alg I Enrichment	Study Hal/A201	A	Government	Alg I Enrichment	APE	Alg I Enrichment
PURLEE A 201	Life Skills	CES	CES		CES	CES	CES	CES
ROARK F 108	CES/CMS	CES/CMS	CES/CMS		CES/CMS	CES/CMS	Prep	Band
SCHERMERHORN Aux Gym/Mt. Rm.	Physical Ed.	Physical Ed.	Elective PE	B	Elective PE	Prep	Physical Ed.	Physical Ed
HOLSTINE A 300	CMS	Economics / Economics	Algebra I	A	Economics / Economics	Algebra II	Prep	Algebra II
WYRAZ A 201	Alg I/Gas.	Algebra I / English 9	Life Skills A203	B	Job Skills A203	Prep	English 9	LA/Daily Living A203
IUS/IvyTech	Math 215 (M W)/ Eng III (T R)	Math 215 (M W)/ Eng III (T R)	Comm IDI / Psych IDI B101				Newspaper / Yearbook D101 SHORT	

Master Schedule 2013-2014

FINAL DRAFT

TEACHER	PERIOD - 1 7:55 – 8:45	PERIOD - 2 8:49 – 9:39	PERIOD - 3 9:43 – 10:33	L U N C H	PERIOD - 4 A (10:35-11:05) 11:09 – 11:59 B (11:29-11:59) 10:37 – 11:27	ACHIEVE 12:03 – 12:28	PERIOD - 5 12:32 – 1:22	PERIOD - 6 1:26 – 2:16	PERIOD - 7 2:20 – 3:10
	ALEXANDER F 108	CES/CMS	CES/CMS		CES/CMS	=	CES/CMS	CES/CMS	CES/CMS
ANDERSON B 104	ENL	CES/CMS	CES/CMS	=	CES/CMS	CES/CMS	CES/CMS	CES/CMS	CES/CMS
BAMFORTH B 107	English 9	Prep	Honors - English 9	A	Language Arts Lab	Achieve	English 9	English 9	English 9
BIRD F 100	Jewelry / Painting	Intro to Adv 2D / 3D Art	Mentor	A	Intro to Adv 2D / 3D Art	Achieve	Intro to Adv 2D / 3D Art	Prep	Intro to Adv 2D / 3D Art
BULLINGTON F 106	CMS	Prep	Theatre Adv. I/II	B	Tech Theatre Adv. I/II	Achieve	Tech Theatre Adv. I/II	Theatre Adv. I/II	Tech Theatre Adv. I/II
CARLTON A 302	German I	German II	Prep	B	German III	=====	CMS	CMS	CMS
CLERE A 202	CMS	French I	Prep	B	French II / III	=====	=====	=====	=====
COOPER A 201	English 9 B 107	Prep	Life Skills A 203	A	Job Skills A 203	Achieve	English 11 B 119	ICP C 100	Mentor
DAVIS F 108	Chorus	CES/CMS	CES/CMS	=	CES/CMS	CES/CMS	CES/CMS	CES/CMS	CES/CMS
EMBRY B 117	Algebra II	Algebra I - Essentials	Algebra I	A	Math Lab	Achieve	Algebra II	Prep	Algebra I
EVANS A 201	Prep	Math A 203	Algebra I B 117	A	Math Lab B 117	Achieve	Social Skills A 203	PE	English 9 B 107
FERREE A 200	Prep	Government	World History	B	World History	Achieve	Government	World History	World History
FRISBIE B 119	Prep	Honors - English 10	English 11	A	Language Arts Lab	Achieve	English 11	Online Credit Rec. B 119	English 11
GASAWAY B 115	Mentor	Algebra I	Pre-Calculus	A	Math Lab	Achieve	Algebra I	Algebra II	Prep
GRAY A 204	US History DC	Prep	US History	A	US History	=====	CES Lunch Supervision / ISS	Sociology / Current Problems	US History
HARTMAN A 201	English A 203	Algebra I B 115	Prep	A	Math Lab B 117	Achieve	Algebra I B 115	English 9 B 107	Daily Living Skills A 203
HOLSTINE B 111	Algebra II	Online Economics B 111	Calculus	A	Math Lab	Achieve	Online Economics B 111	Prep	Algebra II
HOWARD A 303	ICP	Chemistry I	ICP	B	Chemistry I	Achieve	ICP	Chemistry I	Prep
KEELER D 103	Design / Comp In Design	Prep	Construction / Communications	A	Online Credit Rec. D 101	Achieve	Manufacturing / Transportation	Communication / Construction	Design / Comp In Design
LEDBETTER B 113	Geometry	Geometry	Algebra I - (CMS)	A	=====	Achieve	Geometry	Geometry	Prep
LEVATO B 109	English 10	English 10	Online AP B 109	A	Language Arts Lab	Achieve	English 10	Prep	Online Credit Rec. B 109
MCCANDLESS C 100	Online Health C 100	ICP	Prep	B	Biology I	Achieve	Environmental Science	ICP	Online Health C 100
MITCHELL A 202	CES	CES	CES	=	CES	CES	CES	CES	Personal Finance A 202
MOMAN A 304	Personal Finance A 304	CES	CES	=	CES	CES	CES	CES	CES
PAYNE B 103	English 12	English 12	English 12	A	Language Arts Lab	Achieve	Composition / Creative Writing	English 12	Prep
PERLIN A 300	CMS	CMS	Prep	B	Spanish I	Achieve	Spanish II	Spanish III - DC	Spanish I
SCHERMERHORN Aux Gym	PE	Advanced PE	PE	B	Advanced PE	Achieve A 302	Advanced PE	PE	Prep
SHIRLEY A 301	Biology I	Anatomy & Physiology	Biology I	B	Biology I	Achieve	Biology I	Anatomy & Physiology	Prep
SHORT A 304	=====	=====	=====	A	Journalism / Photography	=====	Digital Photography / Journalism	Prep	Newspaper / Yearbook

Master Schedule 2014-2015

DRAFT 07/30/2014

TEACHER	PERIOD - 1 7:55 – 8:45	PERIOD - 2 8:49 – 9:39	PERIOD - 3 9:43 – 10:33	L U N C H	PERIOD - 4 A (10:35-11:05) 11:09 – 11:59 B (11:29-11:59) 10:37 – 11:27	ACHIEVE 12:03 – 12:28	PERIOD - 5 12:32 – 1:22	PERIOD - 6 1:26 – 2:16	PERIOD - 7 2:20 – 3:10
ALEXANDER F-108	CES/CMS	CES/CMS	CES/CMS	=	CES/CMS	CES/CMS	CES/CMS	CES/CMS	Band
ANDERSON B-104	ENL	CES/CMS	CES/CMS	=	CES/CMS	CES/CMS	CES/CMS	CES/CMS	CES/CMS
BAHR F-108	CES/CMS	CES/CMS	CES/CMS	=	CES/CMS	CES/CMS	CES/CMS	Chorus	CES/CMS
BAMFORTH B-107	English 9	Prep	English 9 - Honors	B	English 9	Achieve	English 9	Language Arts Lab	English 9
BIRD F-100	Mentor	Prep	R.A.	B	Mentor	Achieve	Intro/Adv. 2D/3D Art	Intro/Adv. 2D/3D Art	Printmaking / Drawing
BULLINGTON F-106	8th Grade Drama (MS)	Prep	Theatre Adv. I/II	B	Tech Theatre Adv. I/II	Achieve	Tech Theatre Adv. I/II	Theatre Adv. I/II	Tech Theatre Adv. I/II
CARLTON A-302	German I	German I	Prep	B	German I I	Achieve	German II & III	Mentor	Mentor
CLERE A-204 , B-111	R.A.	Online Economics (B-111)	R.A.	A	French I (MS) (A-204)	Achieve (A-204)	French I/III DC (A-204)	French I (A-204)	Prep
COOPER (Wildt) A-201	R.A.	R.A.	R.A.	B	R.A.	Achieve	Collaboration	Prep	Collaboration
EMBRY B-117	Algebra I - Enrichment	Algebra II	Algebra I	B	Math Lab	Achieve	Algebra II	Algebra II	Prep
EVANS (Kelien) A-201	Collaboration	Prep	Functional Math	B	Collaboration	Achieve	Careers	Collaboration	Collaboration
FRISBIE B-119	English 11	Credit Recovery	Prep	A	AP English Lit	Achieve	Etymology / Etymology	English 11	English 11
GARDNER C-100	R.A.	R.A.	Biology I	A	ICP	Achieve	Environmental Science	ICP	Prep
GASAWAY B-115	Math Lab	Math Lab	Pre-Calculus - DC	B	Algebra I	Achieve	Algebra I (MS)	Pre-Calculus - DC	Prep
HARTMAN A-201	Collaboration	Functional Language I	Prep	B	Collaboration	Achieve	Collaboration	Functional Language II	Functional Science
HOLSTINE B-111	R.A.	R.A.	Calculus	B	Algebra II	Achieve	Algebra II	Online Economics	Prep
KEELER D-101 , D-103	Online Health (D-101)	Communication / Construction	Construction / Communications	B	Lunch Duty (A-Lunch)	Achieve	Manufacturing / Transportation	Prep	Design / Comp In Design
LAIGAARD A-202	World History	World History	US History	A	US History	Achieve	World History	Prep	US History
LEDBETTER B-113	Algebra I	Algebra I	Geometry	A	Geometry	Achieve	Geometry	Geometry	Prep
LEVATO B-109	English 10	English 10	English 10 - Honors	A	Lunch Duty (B-Lunch)	Achieve	English 10	Prep	Online Health
MITCHELL A-204 , B-101	Personal Finance (A-204)	CMS	CMS	=	CMS	CMS	CMS	CMS	Personal Finance (B-101)
MYERS, S A-303	Chemistry	Chemistry	ICP	A	Adv. Chemistry - DC	Achieve	ICP	Chemistry	Prep
MYERS, T A-300	Spanish II	Spanish I (MS)	Prep	B	Spanish II	Achieve	Spanish III - DC	Spanish I (MS)	Spanish I & II
PAYNE B-103	Sociology / Current Events	US Government	College Entrance Preparation	B	Credit Recovery	Achieve	College Entrance Preparation	US Government	Prep
REMINGTON F-100	Intro/Adv. 2D/3D Art	Prep	Intro/Adv. 2D/3D Art	B	Intro/Adv. 2D/3D Art	<><><><>	<><><><>	<><><><>	<><><><>
SCHERMERHORN Aux Gym	PE	PE	Prep	A	Advanced PE	Achieve	PE	PE	Advanced PE
SHIPMAN B-111	English 12	R.A.	R.A.	A	R.A.	R.A.	R.A.	Prep	English 12
SHIRLEY (Vaughn) A-301	Biology I	Biology II	Biology I	A	Biology II	Achieve	Biology I	Biology I	Prep
SHORT A-304	<><><><>	Prep	Journalism / Photography	A	Mass Media (MS)	Achieve	Photography / Journalism	Photography / Adv. Photography	Newspaper / Yearbook
WHICKER A-200	Adv. US History	R.A.	R.A.	A	R.A.	R.A.	R.A.	Prep	World History



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INDIANA STATE BOARD OF ACCOUNTS COMMENT ON THE OFFICIAL RESPONSE

To provide clarity and perspective, we are commenting on the Official Response to our Audit Result and Comment (ARC) titled "Curricular Material Charges". An Official Response to this ARC was submitted by Dr. Kimberly Knott, Clarksville Community School Corporation Superintendent on August 8, 2016, and reconfirmed on September 15, 2016.

The Official Response states, in part:

"The attached Clarksville High School (CHS) master schedules are evidence that the course was offered every other year at CHS during the audit period. The attached email from Melissa Ambre indicates that the Indiana Department of Finance has suggested that the rental price is calculated by using the years for which the book is used. A reasonable inference is that "... charging for only the years used" could mean the fifty percent (50%) rental fee was acceptable. Because Indiana Code is silent on this specific issue of textbook rental fees for courses offered every other year, and the Indiana Department of Finance has not clarified its response, I would ask the violation be removed until such time clarification is rendered."

State Board of Accounts Comment:

Indiana Code 20-26-12-2 states, in part: "The annual rental rate may not exceed twenty-five percent (25%) of the retail price of the curricular materials... the governing body may not assess a rental fee of more than twenty-five (25%) of the retail price of the curricular materials that have been: (1) extended for usage by students under section 24(e) of this chapter..." It is our position that the statute limits a school corporation to charge a rental rate for a curricular material to 25% per year and is not dependent on the number of years the curricular material will be put in service. We had a discussion with the Indiana Department of School Finance (School Finance) about our position. School Finance was in agreement that the statute would limit the annual charge for curricular materials to twenty-five percent (25%) no matter how many years the curricular material is in use. School Finance provided us an email response that they sent August 9, 2016, to Dr. Knott that stated in part: "According to the IC 20-26-12-2, the maximum annual amount that can be charged for curricular material rental is 25% of the retail price of the curricular material. The textbook rental is \$22 (25% multiplied by \$88) and can be used for the year the curricular material was rented."

It is our understanding from both our discussion with Indiana School Finance and the email response sent to Dr. Knott on August 9, 2016, that School Finance has clarified that their position is annual rental rates cannot exceed 25% and the calculation is not dependent on the number of years the book is actually used in the classroom. Therefore, the State Board of Account's position remains as stated in the Audit Result and Comment section of this report.

CLARKSVILLE COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on July 28, 2016, with Dr. Kimberly Knott, Superintendent of Schools; William P. Wilson, President of the School Board; and Christi Pruitt, Treasurer.