

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MADISON-GRANT UNITED SCHOOL CORPORATION

GRANT COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
07/06/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2015-001 - Preparation of the Schedule of Expenditures of Federal Awards .....	4-5
Finding 2015-002 - Financial Transactions and Reporting .....	5-6
Finding 2015-003 - Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting .....	6-8
Finding 2015-004 - Allowable Costs/Cost Principles.....	8-9
Finding 2015-005 - Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting .....	10-11
Finding 2015-006 - Allowable Costs/Cost Principles.....	11-12
Corrective Action Plan.....	13-15
Exit Conference.....	16

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca Monroe Tarinna Morris	07-01-13 to 04-03-16 04-04-16 to 06-30-17
Superintendent of Schools	John Trout Steve Edwards (interim) Dr. Scott Deetz	07-01-13 to 06-30-15 07-01-15 to 12-31-15 01-01-16 to 06-30-17
President of the School Board	Carl Chambers Ann Presnall Aaron Caudell	07-01-13 to 05-10-15 05-11-15 to 02-21-16 02-22-16 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE MADISON-GRANT UNITED  
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

This report is supplemental to our audit report of the Madison-Grant United School Corporation (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 that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report.

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

April 26, 2017

MADISON-GRANT UNITED SCHOOL CORPORATION  
FEDERAL FINDINGS

**FINDING 2015-001 - 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 Treasurer prepared the SEFA without any oversight, review, or approval process or other control to ensure its accuracy.

*Context*

There were the following errors: federal expenditures were incorrectly reported; and, for some federal grant awards, expenditures and information, such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number, were omitted or incorrect. Total federal expenditures for fiscal years 2013-2014 and 2014-2015 were incorrectly reported with total expenditures being understated by \$9,000 and \$16,869, respectively. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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:

MADISON-GRANT UNITED SCHOOL CORPORATION  
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. The SEFA contained the errors identified in the *Context*.

*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 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash reconcilements and receipts. The School Corporation Treasurer completed all aspects of the bank reconcilements of School Corporation funds, and all activities related to the receipting of School Corporation funds without any additional monitoring or other controls in place.

MADISON-GRANT UNITED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control that would have ensured accuracy in financial transactions and reporting.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*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 - ACTIVITIES ALLOWED OR UNALLOWED, CASH  
MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-021-PN01, 14214-021-PN01,  
14215-021-PN01, 45713-021-PN01,  
45714-021-PN01, 45715-021-PN01,  
A58-3-13DL-1438

Pass-Through Entity: Indiana Department of Education

MADISON-GRANT UNITED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting.

Activities Allowed or Unallowed - For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Special Education grants were allowed.

Cash Management, Period of Availability, and Reporting - For fiscal years 2013-2014 and 2014-2015, the Treasurer was the only employee involved in the preparation and submission of the Requests for Reimbursement for Special Education grants. There was no control in place for the review of Requests for Reimbursement by another employee prior to submission to the Grant County Special Education Cooperative (Cooperative). At the Cooperative, for fiscal year 2013-2014, Requests for Reimbursement were not reviewed prior to submission to the Indiana Department of Education (IDOE). For fiscal years 2013-2014 and 2014-2015, there was no review of the Final Financial Report at the School Corporation prior to submission to the Cooperative, and there was no review at the Cooperative before the Final Financial Report was submitted to the IDOE.

*Context*

These were systemic issues applicable to all payrolls and Final Financial Reports during the audit period and to all Requests for Reimbursement sent from the School Corporation to the Cooperative during the audit period, but only the 2013-2014 Requests for Reimbursement sent from the Cooperative to the IDOE.

*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.

*Effect*

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation.

MADISON-GRANT UNITED SCHOOL CORPORATION  
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 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 2015-004 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-021-PN01, 14214-021-PN01,  
14215-021-PN01, 45713-021-PN01,  
45714-021-PN01, 45715-021-PN01,  
A58-3-13DL-1438

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Special Education grants were allowed. Also, for fiscal years 2013-2014 and 2014-2015, there was no employee responsible for reviewing personnel activity reports or Semi-Annual Certifications, nor were the personnel activity reports or Semi-Annual Certifications completed for any of the Special Education employees.

*Context*

This was a systemic issue applicable to all payrolls and all Special Education employees 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. . . ."

MADISON-GRANT UNITED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, paragraph 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. . . ."

*Cause*

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

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which 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, and comply with the requirements 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.

MADISON-GRANT UNITED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

**FINDING 2015-005 - ACTIVITIES ALLOWED OR UNALLOWED, CASH  
MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING**

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): 13-2825, 14-2825, 15-2825  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting.

Activities Allowed or Unallowed - For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Title I Grants to Local Educational Agencies were allowed.

Cash Management, Period of Availability, and Reporting - For fiscal years 2013-2014 and 2014-2015, the School Corporation Treasurer was the only employee involved in the preparation and submission of Requests for Reimbursement. There was no control in place for the review of Requests for Reimbursement by another employee prior to submission to the Indiana Department of Education.

*Context*

These were systemic issues applicable to all payrolls and Requests for Reimbursement 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.

*Effect*

The failure to establish an effective internal control system could have enabled material non-compliance to go undetected. A lack of segregation of duties within an internal control system could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation.

MADISON-GRANT UNITED SCHOOL CORPORATION  
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 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 2015-006 - 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): 13-2825, 14-2825, 15-2825

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Title I Grants to Local Educational Agencies were allowed. Also, for fiscal years 2013-2014 and 2014-2015, there was no employee responsible for reviewing personnel activity reports or Semi-Annual Certifications, nor were the personnel activity reports or Semi-Annual Certifications completed for any of the Title I Grants to Local Educational employees.

*Context*

This was a systemic issues applicable to all payrolls and all Title I Grants to Local Educational Agencies employees 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. . . ."

MADISON-GRANT UNITED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, paragraph 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. . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which 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, and comply with the requirements 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.

# MADISON-GRANT UNITED SCHOOL CORPORATION

11580 S E 00W  
FAIRMOUNT, IN 46928  
Phone: 765-948-4143

Scott Deetz, Ph. D., Superintendent  
Steve Vore, Assistant to the Superintendent  
Tarinna Morris, Business Director

Casi Beal, Human Resources  
Kristy Drewitz, Transportation Coordinator/Business Assistant  
Teresa Riggs, Payroll/Personnel Coordinator

## MADISON GRANT UNITED SCHOOL CORPORATION CORRECTIVE ACTION PLAN

Date of Response: April 14, 2017

Name of contact person responsible for all corrective action: Tarinna Morris, Business Director

### FINDING 2015-001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal expenditures were incorrectly reported on the SEFA and some information such as grantor agency, program title, pass-through entity, Catalog of Federal domestic Assistance (CFDA) number and pass-through identifying number were omitted or incorrect. Federal expenditures for 2013-14 were understated by \$9,000 and Federal expenditures for 2014-15 were understated by \$16,869.

**CORRECTIVE ACTION:** The grantor agency, program title, pass-through entity, Catalog of Federal domestic Assistance (CFDA) number and pass-through identifying number will be corrected on the June 30, 2017 SEFA.

**CORRECTIVE ACTION:** Beginning with the SEFA completed after June 30, 2017, the Business Director will complete the SEFA, verify the information and enter on the SEFA report. Prior to submission of the SEFA report the Business Director will then give the SEFA as well as all supporting documentation to another staff member to review and verify for accuracy. The staff member and Business Director will sign and date a copy of the submitted SEFA verifying it has been reviewed for accuracy.

### FINDING 2015-002 FINANCIAL TRANSACTIONS AND REPORTING

For the audit period July 1, 2013 through June 30, 2015 the Corporation Treasurer completed all aspects of the bank reconciliation of the School Corporation funds without additional monitoring or controls in place.

**CORRECTIVE ACTION:** Beginning April 2017 the Business Director will train the Human Resource employee to enter receipts and prepare deposit slips. The Business Director (or in her absence the Payroll/Personnel Coordinator/Deputy Treasurer) will verify for accuracy and take deposits to the bank.

**CORRECTIVE ACTION:** In January 2016 the Business Assistant began processing purchase orders, entering accounts payable and payroll claims. The Business Director verifies the purchase order and accounts payable edits prior to checks being issued and transactions updated. After updating, the Business Director verifies the fund, bank and daily cash balance spreadsheet are all in balance.

**CORRECTIVE ACTION:** Beginning April 2017 the Business Director will prepare the bank reconciliation at the end of each month. The Payroll/Personnel Coordinator/Deputy Treasurer will verify the accuracy of the reconciliation. Both the Business

---

### HOME OF THE ARGYLLS

Madison-Grant Administration Office

11580 S – E00W Fairmount, IN 46928 • Phone: (765) 948-4143 • Fax: (765) 948-4150

Director and the Payroll/Personnel Coordinator/Deputy Treasurer will sign and date the bank reconciliation verifying the accuracy.

#### **FINDING 2015-003 ACTIVITIES ALLOWED OR UNALLOWED, CASH MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING**

**ACTIVITIES ALLOWED OR UNALLOWED:** For fiscal years 2013-14 and 2014-15 there were no controls in place to review payroll and verify all employees paid from Special Education grants were allowed.

**CORRECTIVE ACTION:** Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month they were paid from the grant. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

**CASH MANAGEMENT:** For fiscal years 2013-14 and 2014-15 the Treasurer was the only employee involved in the preparation and submission of the Request for Reimbursements forms and the Final Financial Report.

**CORRECTIVE ACTION:** Beginning in April 2016 the Business Director completes the Request for Reimbursement and submits to the Superintendent along with supporting documentation for review and verification. The Business Director and Superintendent will sign and date the Request for Reimbursement prior to submission.

**CORRECTIVE ACTION:** Beginning April 2017 Final Financial Reports will be completed by the Business Director and given to the Superintendent, along with supporting documentation, for review and verification prior to submission. The Business Director and Superintendent will sign off on the Final Financial Report.

#### **FINDING 2015-004 ALLOWABLE COSTS/COST PRINCIPLES**

For the fiscal years 2013-14 and 2014-15 there were controls in place to review payroll to verify that all employees paid from the Special Education grants were allowed. Also for fiscal years 2013-14 and 2014-15 there was no employee responsible for reviewing Time and Effort Logs or Semi-Annual Certifications.

**CORRECTIVE ACTION:** Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month of the grant period they were paid. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

**CORRECTIVE ACTION:** Beginning December 2016 the Business Director prepared Time and Effort Logs and Semi-Annual Certifications for verification by the employee who oversees the grant. If the employee agrees with the reports they will sign, date and return. If there is a discrepancy they will notify the Business Director who will investigate, correct and return to the employee for approval. The approved Time and Effort Logs and Semi-Annual Certifications will be placed in the appropriate grant file.

#### **FINDING 2015-005 ACTIVITIES ALLOWED OR UNALLOWED, CASH MANAGEMENT, PERIOD OF AVAILABILITY AND REPORTING**

**ACTIVITIES ALLOWED OR UNALLOWED:** For fiscal years 2013-14 and 2014-15, there were no controls in place to review payroll and verify all employees paid from Title I Grants to Local Educational Agencies were allowed.

---

#### **HOME OF THE ARGYLLS**

*Madison-Grant Administration Office*

11580 S – E00W Fairmount, IN 46928 • Phone: (765) 948-4143 • Fax: (765) 948-4150

COORECTIVE ACTION: Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month of the grant period the employee was paid. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

CASH MANAGEMENT, PERIOD OF AVAILABILITY AND REPORTING: For fiscal years 2013-14 and 2014-15 the Treasurer was the only employee involved in the preparation and submission of Requests for Reimbursement for Title I grants. There was no review of Request for Reimbursement by another employee before they were submitted to the Indiana Department of Education.

COORECTIVE ACTION: Beginning in April 2016 the Business Director completes the Request for Reimbursement and submits to the Superintendent along with supporting documentation for review and verification. The Business Director and Superintendent will sign and date the Request for Reimbursement prior to submission.

**FINDING 2015-006 ALLOWABLE COSTS/COST PRINCIPLES**

For fiscal years 2014 and 2015 there were no controls in place to review payroll and verify that all employees paid from Title I Grants to Local Educational Agencies were allowed. Also, for fiscal year 2014 and 2015, there was no employee responsible for reviewing Time and Effort Logs or Semi-Annual Certifications. During fiscal years 2013-14 and 2014-15, the School Corporation failed to complete Time and Effort Certifications or Semi-Annual Certifications for any of their Title I employees.

COORECTIVE ACTION: Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month of the grant period the employee was paid. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

CORRECTIVE ACTION: Beginning December 2016 the Business Director prepared Time and Effort Logs and Semi-Annual Certifications for verification by the employee who oversees the grant. If the employee agrees with the reports they will sign, date and return. If there is a discrepancy they will notify the Business Director who will investigate, correct and return to the employee for approval. The approved Time and Effort Logs and Semi-Annual Certifications will be placed in the appropriate grant file.

  
Superintendent Signature

Superintendent  
Title

04/14/17  
Date

MADISON-GRANT UNITED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2017, with Dr. Scott Deetz, Superintendent of Schools; Tarinna Morris, Treasurer; Rebecca Monroe, former Treasurer; and Aaron Caudell, President of the School Board.