

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

HAMILTON SOUTHEASTERN SCHOOLS

HAMILTON COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
07/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Reuter	07-01-13 to 06-30-18
Superintendent of Schools	Dr. Allen Bourff	07-01-13 to 06-30-18
President of the School Board	Diane Eaton John Delucia Karen Harmer Matthew Burke	01-01-13 to 12-31-13 01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



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TO: THE OFFICIALS OF THE HAMILTON SOUTHEASTERN SCHOOLS, HAMILTON COUNTY, INDIANA

This report is supplemental to our audit report of the Hamilton Southeastern Schools (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings 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 Finding, identified in the above referenced audit report, are included in this report.

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

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

May 17, 2017

HAMILTON SOUTHEASTERN SCHOOLS
FEDERAL FINDING

FINDING 2015-001 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. 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): 14212-025-PN01, 14213-130-PN01,
14214-130-PN01, 14215-130-PN01,
45713-130-PN01, 45714-130-PN01,
45715-130-PN01, 99914-130-TA01

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

Semi-Annual Certifications were not maintained by the School Corporation for employees who worked solely on the Special Education programs for the 2013-2014 and 2014-2015 school years.

Context

There were no controls in place at the School Corporation to ensure that Semi-Annual Certifications were maintained. This issue was systemic 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. . . ."

HAMILTON SOUTHEASTERN SCHOOLS
FEDERAL FINDING
(Continued)

OMB Circular A-87, Attachment B, 8h(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."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Allowable Costs/Cost Principles requirement.

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, 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.



CORRECTIVE ACTION PLAN

FINDING 2015-001 (Auditor Assigned Reference Number)
Contact Person Responsible for Corrective Action: Michael A. Reuter
Contact Phone Number: 317-594-4100

We concur with the finding.

Description of Corrective Action Plan:

On November 30, 2015, our Director of the Department of Exceptional Learners, Tom Bell, was notified from an audit response by INDOE, performed by Crowe Horwath, LLP, that our Semi-Annual Certifications were not being completed for fully funded employees. At the time the district was not aware of this requirement. The district **was** asked to complete the Semi-Annual Activity Report for Employees Working on a Single Cost Objective for School Year 2015-2016 for July 2015 through December 2015, which was compiled and submitted to Maxwell Walton with Crowe Horwath, LLP, on January 5, 2016.

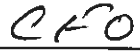
Anticipated Completion Date:

Since the earlier finding, the district has been compiling this Certification and are in compliance. The Certifications have been completed for January 2016 through June 2016 and July 2016 through December 2016.

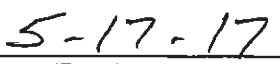
On March 31, 2017, Tom Bell, Director, emailed INDOE, our Corrective Actions, along with a signed Assurance, receipt of which was confirmed and accepted in a return email to Tom Bell, Director, from Leslie Sharp, IDEA Part B Grant Team, also on March 31, 2017, which stated "LEA has met requirements and no further action is required."



(Signature)



(Title)



(Date)

HAMILTON SOUTHEASTERN SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on May 17, 2017, with Michael Reuter, Treasurer; Cecilie Nunn, Business Manager; Matthew Burke, President of the School Board; and Dr. Allen Bourff, Superintendent of Schools.