

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCHOOL CITY OF EAST CHICAGO

LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
08/03/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Federal Findings:	
Finding 2015-001 - Internal Controls over Financial Transactions and Reporting.....	4-5
Finding 2015-002 - Internal Controls over Eligibility, Reporting, and Special Tests and Provisions - Participation of Private School Children and Assessment System Security	5-7
Finding 2015-003 - Suspension and Debarment.....	7-8
Finding 2015-004 - Special Tests and Provisions - Comparability.....	8-10
Finding 2015-005 - Allowable Costs/Cost Principles.....	10-12
Finding 2015-006 - Equipment	12-13
Finding 2015-007 - Special Tests and Provisions - Assessment of Need	13-14
Finding 2015-008 - Cash Management.....	14-15
Finding 2015-009 - Eligibility and Special Tests and Provisions - Verification.....	15-18
Finding 2015-010 - Special Tests and Provisions - Paid Lunch Equity.....	19-20
Finding 2015-011 - Reporting	20-22
Finding 2015-012 - Procurement.....	23-24
Corrective Action Plan.....	25-38
Audit Results and Comments:	
Overdrawn Cash Balances	39
Supporting Documentation	39-40
Local Policies.....	40
Teacher Collective Bargaining Agreements	41
Official Response	42-47
Exit Conference.....	48

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nelson Pena (interim)	07-01-13 to 10-06-13
	Kathleen Dowling	10-07-13 to 06-19-15
	Nelson Pena (interim)	06-20-15 to 08-09-15
	Robert Doctor	08-10-15 to 11-29-16
	Nelson Pena (interim)	11-30-16 to 04-12-17
	Lela Simmons	04-13-17 to 12-31-17
Superintendent of Schools	Michael Harding	07-01-13 to 10-06-13
	Mary Dywan (interim)	10-07-13 to 06-30-14
	Dr. Youssef Yomtoob	07-01-14 to 06-30-16
	Dr. Paige McNulty	07-01-16 to 12-31-17
President of the School Board	Jessie Gomez	07-01-13 to 12-31-14
	Terence Hill	01-01-15 to 12-31-15
	Joel Rodriguez	01-01-16 to 12-31-16
	Stacy Winfield	01-01-17 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

TO: THE OFFICIALS OF THE SCHOOL CITY OF EAST CHICAGO , LAKE COUNTY, INDIANA

This report is supplemental to our audit report of the School City of East Chicago (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

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

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

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

May 25, 2017

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

There were 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 the preparation of the Schedule of Expenditures of Federal Awards (SEFA).

One individual prepared the SEFA with amounts obtained from the Business Office. School Corporation officials indicated that the SEFA was reviewed by the Chief Financial Officer before submission. However, documentation of the review was not retained or provided for audit.

2. The School Corporation's control over cash and investment balances was not effective. The bank reconcilements were reviewed and approved by someone other than the preparer. However, there were a number of adjustments that were carried on the reconcilements as reconciling items and were not recorded in the financial records. The monthly adjustments for refunds from April 2012 to the present for the medical insurance bank account that were not recorded in the financial accounting system. Other adjustments dating back to 2010 continued to be carried on the medical insurance reconcilements.

The School Corporation did not record the Workers Compensation bank account activity and some of the Medical Insurance bank account activity in the records or the financial statement.

3. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.

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. . . .

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

- Accurate and timely recording of transactions. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators.

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Cause

Management of the School Corporation had not properly implemented a system of internal controls related to cash and investment balances and the preparation of the SEFA.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system 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.

FINDING 2015-002 - INTERNAL CONTROLS OVER ELIGIBILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS - PARTICIPATION OF PRIVATE SCHOOL CHILDREN AND ASSESSMENT SYSTEM SECURITY

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): 13-4670, 14-4670, 15-4670

Pass-Through Entity: Indiana Department of Education

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

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 requirements for Eligibility, Reporting, and Special Tests and Provisions - Participation of Private School Children, and Special Tests and Provisions - Assessment System Security.

Eligibility and Special Tests and Provisions - Participation of Private School Children

The School Corporation did not retain the signed copy of the 2013-2014 Title I Grant Application which would have documented that the appropriate knowledgeable official reviewed the eligibility determinations and the allocations of resources by school for the participation of private school children.

Reporting

One individual completed and filed the Annual Expenditure Reports without evidence of a review process or procedure.

Special Tests and Provisions - Assessment System Security

The School Corporation had a checklist form to track the chain of custody of test documents. Once test documents were transferred to another individual, both individuals had to initial the checklist. However, the control was not implemented properly since not all checklist forms were provided.

Context

Due to a change in management and the moving of the school administration building, the School Corporation was not able to locate their documentation of a control over Eligibility and Special Tests and Provisions - Participation of Private School Children for the 2013-2014 grant award. This is considered to be an isolated incident. Since all four Annual Expenditure Reports lacked evidence of a control and not all documentation was retained evidencing a control structure for Special Tests and Provisions - Assessment System Security; it was determined to be a systemic problem.

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

The School Corporation failed to establish a proper internal control structure to ensure compliance with the requirements noted above.

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish internal controls could have enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements 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 related to the grant agreement and the Eligibility, Reporting, and Special Tests and Provisions - Participation of Private School Children, and Special Tests and Provisions - Assessment System Security compliance requirements.

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 - SUSPENSION AND DEBARMENT

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): 13-4670, 14-4670, 15-4670

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirement: Procurement and Suspension and Debarment.

The School Corporation failed to provide evidence that a search of the Excluded Parties List Systems through the System of Award Manager Center at www.sam.gov was conducted; that certification from the entity was collected, or that a clause or condition was added to the contract.

Context

The internal control deficiencies noted were a systemic problem during the audit period. The suspension and debarment documentation was not retained or provided for the audit. Nine vendors totaling 15 percent of grant expenditures were required to be verified.

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. . . ."

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

34 CFR 80.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . .

(b) *Length of retention period.*

(1) Except as otherwise provided, records must be retained for three years from the starting date . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured that records were maintained and made available for audit to support the suspension and debarment requirements.

Effect

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the suspension and debarments requirements for the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that suspension and debarment records are maintained and available for audit.

Views of Responsible Officials

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

FINDING 2015-004 - SPECIAL TESTS AND PROVISIONS - COMPARABILITY

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): 13-4670, 14-4670, 15-4670

Pass-Through Entity: Indiana Department of Education

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Special Tests and Provisions - Comparability.

The Indiana Department of Education (IDOE) required the School Corporation to file a Comparability Report every two years which documented the full-time equivalent (FTE) of staff to students by school. The information reported by the School Corporation was used by the IDOE to determine if services provided with state and local funds, when taken as a whole, were substantially comparable at each school.

The Title I Director prepared the Comparability Report online with the IDOE. The School Corporation kept a binder with all of the information that went into the report. The enrollment numbers and the FTE staff numbers came from each school Principal. The binder included the report, handbook, instructions, templates, and documentation used to prepare the Special Tests and Provisions - Comparability Report.

However, due to the move of the administration building and the change in Title I staff, the binders were not retained or provided for audit. We were unable to obtain sufficient appropriate evidence to verify the School Corporation's compliance with the Special Tests and Provisions - Comparability requirements.

Context

The School Corporation is only required to complete the report every two years and it was due for the 2013-2014 fiscal year. The binders for 2013-2014 and 2014-2015 were not provided or retained for audit.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Special Tests and Provisions - Comparability compliance requirement.

Effect

The failure to retain appropriate documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Comparability requirements.

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the Special Tests and Provisions - Comparability requirements is maintained and are available for audit.

Views of Responsible Officials

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

FINDING 2015-005 - 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): 14212-14-PN01, 14213-14-PN01

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Allowable Costs/Cost Principles.

In July 2014, the School Corporation posted a \$20,832 disbursement for the purchase of copier paper from the 14213-14-PN01 grant. All school buildings, as well as the Administration building, the School Corporation's print shop, and the participating non-public school, received between 20 and 200 cases of the copier paper.

In addition, in August 2013, the School Corporation posted a \$14,252 payment for the purchase of copier paper from the 14212-14-PN01 grant. The total purchase included 560 cases of copier paper.

Further review of white copier paper purchased by the School Corporation was performed. The review included General fund purchases made in June 2013, which was prior to the audit period, but the paper would have been primarily used in the 2013-2014 school year. The review determined that the Special Education funds disbursed \$35,084 for white copier paper, which was 42 percent of the white copier paper purchased by the School Corporation for use during the audit period. Documentation that the white copier paper was only allocated for Special Education uses could not be provided.

Context

The internal control deficiency noted was a systemic problem during the audit period. The School Corporation did not have a documented basis for determining the allocation of white copier paper to be purchased from Special Education grant funds versus the General fund for the School Corporation as a whole.

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

OMB Circular A-87, Attachment A, Part C. Basic Guidelines states in part:

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

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . ."

34 CFR 300.202(a) states:

"*General.* Amounts provided to the LEA under Part B of the Act—

- (1) Must be expended in accordance with the applicable provisions of this part;
- (2) Must be used only to pay the excess costs of providing special education and related services to children with disabilities, consistent with paragraph (b) of this section; and
- (3) Must be used to supplement State, local, and other Federal funds and not to supplant those funds."

Cause

The School Corporation had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles requirement.

Effect

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

Questioned Costs

There were \$35,084 of questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Allowable Costs/Costs Principles compliance requirement.

SCHOOL CITY OF EAST CHICAGO
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 2015-006 - EQUIPMENT

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): 14212-14-PN01, 14213-14-PN01,
14214-14-PN01, 14215-014-PN01

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Equipment.

A control structure to ensure that the School Corporation performed a physical inventory of equipment at least once every two years was not documented. We were unable to verify that a physical inventory of all equipment had been performed.

Context

The internal control deficiency was a systemic problem during the audit period. The School Corporation did not have a documented control in place to ensure that a physical inventory was performed.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

34 CFR 80.32(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements: . . .

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with equipment requirements.

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Equipment compliance requirement.

Views of Responsible Officials

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

FINDING 2015-007 - SPECIAL TESTS AND PROVISIONS - ASSESSMENT OF NEED

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Numbers and Years (or Other Identifying Numbers): 11-4670, 12-4670, 13-4670
Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for the Special Tests and Provisions - Assessment of Need.

The School Corporation employees and officials were not knowledgeable as to who was responsible for the preparation, review, and submission of the Comprehensive Needs Assessment that was required to be submitted each year to the Indiana Department of Education. We were unable to determine if the needs assessment was conducted with the involvement of teachers, including teachers who worked in Title I, Part A, as required, since supporting documentation was not provided to support that meetings were held or the attendees.

Context

Documentation was not provided to support the information in the School Corporation's needs assessment, thus, this is a systemic problem.

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. . . ."

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support the Special Tests and Provisions - Assessment of Need requirements.

Effect

The failure to retain supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Assessment of Need requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the Special Tests and Provisions - Assessment of Need requirements was maintained and were available for audit.

Views of Responsible Officials

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

FINDING 2015-008 - CASH MANAGEMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015

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 Cash Management compliance requirement.

The School Corporation did not have policies and procedures in place for limiting their Net Cash Resources in the School Lunch fund to the three months average of the food service expenditures.

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Context

The internal control deficiencies noted were a systemic problem throughout the audit period. A control structure was not evidenced.

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

The School Corporation failed to establish a proper internal control structure to ensure compliance with requirements associated with the Cash Management compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

**FINDING 2015-009 - ELIGIBILITY AND SPECIAL TESTS AND PROVISIONS -
VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553; 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015

Pass-Through Entity: Indiana Department of Education

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the compliance requirements for Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Eligibility

1. For both school years, a support employee of the School Corporation performed the eligibility determinations and approved all the manual applications received for free and reduced price meals. Eligibility determinations for electronically submitted applications were performed by the software processing the applications.

The School Corporation did not have a review or oversight process to ensure accurate eligibility determinations and application approvals, or that the income guidelines used by the software were accurate.

2. The School Corporation retained the applications received for free and reduced price meals in binders that were kept by the support employee. The applications received were numbered. However, there were frequent gaps in application numbers that could not be explained. Through inquiry of staff, we were unable to determine whether the missing application numbers had been used.
3. The School Corporation was unable to provide records indicating that they notified households of the children's eligibility status for both income applications and direct certifications.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

1. Procedures were not in place to ensure the accuracy of the verification process.
2. Of the applications tested, income documentation was not available to support the application status as verified for the three applications which noted no change in status. Additional procedures performed, determined that 62 percent of the applications verified by the School Corporation did not have household income documentation to support a no change in status.
3. Six of eighteen applications did not have the verification area of the application completed. For these applications, a note was attached to the application which contained only the status of the application after verification.

Context

The internal control deficiencies were a systemic problem throughout the audit period. The School Corporation did not have adequate controls over the eligibility or verification processes.

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. . . ."

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

7 CFR 245.6 states in part:

". . . (c) *Determination of eligibility* - . . .

(6) *Notice of approval* –

(i) *Income applications*. The local educational agency must notify the household of the children's eligibility and provide the eligible children the benefits to which they are entitled within 10 operating days of receiving the application from the household.

(ii) *Direct Certification*. Households approved for benefits based on information provided by the appropriate State or local agency responsible for the administration of the SNAP, FDPIR or TANF must be notified, in writing, that their children are eligible for free meals or free milk, that no application for free and reduced price school meals or free milk is required. The notice of eligibility must also inform the household that the parent or guardian must notify the local educational agency if they do not want their children to receive free benefits. However, when the parent or guardian transmits a notice of eligibility provided by the SNAP, FDPIR or TANF office, the local educational agency is not required to provide a separate notice of eligibility. The local educational agency must notify, in writing, households with children who are approved on the basis of documentation that they are *Categorically eligible*, as defined in §245.2, that their children are eligible for free meals or free milk, and that no application is required. . . .

(e) *Recordkeeping*.

The local educational agency must maintain documentation substantiating eligibility determinations on file for 3 years after the date of the fiscal year to which they pertain, except that if audit findings have not been resolved, the documentation must be maintained as long as required for resolution of the issues raised by the audit. . . ."

7 CFR 245.6a states in part:

". . . (e) *Activities prior to household notification*—(1) *Confirmation of a household's initial eligibility*.

(i) Prior to conducting any other verification activity, an individual, other than the individual who made the initial eligibility determination, shall review for accuracy each approved application selected for verification to ensure that the initial determination was correct. If the initial determination was correct, the local educational agency shall verify the approved application. If the initial determination was incorrect, the local educational agency must:

(A) If the eligibility status changes from reduced price to free, make the increased benefits immediately available and notify the household of the change in benefits; the local educational agency will then verify the application;

(B) If the eligibility status changes from free to reduced price, first verify the application and then notify the household of the correct eligibility status after verification is completed and, if required, send the household a notice of adverse action in accordance with paragraph (j) of this section; or

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

(C) If the eligibility status changes from free or reduced price to paid, send the household a notice of adverse action in accordance with paragraph (j) of this section and do not conduct verification on this application and select a similar application (for example, another error-prone application) to replace it.

- (ii) The requirements in paragraph (e)(1)(i) of this section are waived if the local educational agency is using a technology-based system that demonstrates a high level of accuracy in processing an initial eligibility determination based on the income eligibility guidelines for the National School Lunch Program. . . ."

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . ."

- (4) Currently approved and denied applications for free and reduced price lunches and a description of the verification activities, including verified applications, and any accompanying source documentation in accordance with 7 CFR 245.6a of this Title; and . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements 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 to ensure compliance and comply with the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Views of Responsible Officials

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

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

FINDING 2015-010 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015
Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Special Tests and Provisions - Paid Lunch Equity.

School Corporation staff and the food service management company were requested to provide documentation related to the calculation of the Special Tests and Provisions - Paid Lunch Equity requirements. The School Board approved an increase in lunch prices for the 2014-2015 school year. The increase was recommended in a memo from the Chief Financial Officer, which noted that the price increase was needed in order to comply with Special Tests and Provisions - Paid Lunch Equity requirements. The documentation for the Special Tests and Provisions - Paid Lunch Equity calculations was not provided for audit for the 2014-2015 school year. Therefore, we were unable to verify the School Corporation's compliance with the Special Tests and Provisions - Paid Lunch Equity requirements.

Context

The internal control deficiencies were a systemic problem throughout the audit period. The School Corporation had a change in Chief Financial Officers and administration building locations, and the food service management company had a change in managers. Due to these changes, the documentation to support controls and compliance with Special Tests and Provisions - Paid Lunch Equity requirements was not retained or located for audit.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

7 CFR 3016.42 states in part:

"(a) *Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
 - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
 - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . .

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support the Special Tests and Provisions - Paid Lunch Equity requirements.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Paid Lunch Equity requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the Special Tests and Provisions - Paid Lunch Equity requirements is maintained and are available for audit.

Views of Responsible Officials

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

FINDING 2015-011 - REPORTING

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Reporting.

The School Corporation contracted with a food service management company to operate its food service program. The management company's General Manager prepared and submitted the Sponsor Claim (claims for reimbursement) and the Annual Financial Reports (AFRs).

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Sponsor Claim (claims for reimbursement)

The Cafeteria Manager at each school manually prepared and submitted "daily meal count reports" (Daily Reports) to the management company's office. The reports were based on information from a point of sale software program used in the schools.

The Administrative Assistant of the management company manually entered the amount and types of meals that were served (paid, reduced, and free) from the Daily Reports into the management company's software. The General Manager of the management company used this information to prepare and submit the Sponsor Claim (claims for reimbursement) online to the Indiana Department of Education. An employee from the School Corporation's business office printed a copy of the Sponsor Claim (claims for reimbursement) summary for their records and to be able to anticipate amounts to be received by the School Corporation

Comparisons of the Daily Reports to the monthly Sponsor Claim (claims for reimbursement) totals revealed differences. The net effect of the errors noted for the months tested resulted in \$3,201 in excess reimbursements to the School Corporation.

A prior General Manager determined in December 2013 that a school that reopened for the 2013-2014 school year should have been designated as Severe Need for Breakfast but was not. A change in the designation was not obtained for the audit period. This inaccurate designation resulted in the School Corporation receiving less reimbursement for free and reduced priced breakfasts served than it was entitled to receive for the school. For the months tested, the School Corporation was not reimbursed \$5,751 for the breakfast meals served at the school.

AFRs

The AFRs were provided for audit without supporting documentation for the amounts reported in the AFRs. Information tested in the AFRs noted that the beginning and ending cash and investment balances for both years and the total receipts and disbursements in the 2014-2015 school year did not agree to the School Corporation's School Lunch fund activity.

Context

The internal control deficiencies and noncompliance were a systemic problem 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. . . ."

7 CFR 210.8 states in part:

"(a) *Internal controls*. The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement. . . ."

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

- (2) School food authority claims review process. Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches. . . ."

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

7 CFR 3016.40(a) states:

"*Monitoring by grantees.* Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the Reporting compliance requirement. The School Corporation did not monitor the management company's Sponsor Claim (claims for reimbursement) and AFRs to ensure requirements were being met.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Reporting compliance requirement.

Views of Responsible Officials

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

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

FINDING 2015-012 - PROCUREMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2013-2014, FY 2014-2015
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: Procurement and Suspension and Debarment.

The School Corporation was required to bid or request proposals for the food service management contract for FY 2014-2015. The School Board awarded the food management service contract on August 7, 2014. Procurement records were not provided for audit. Therefore, we were unable to verify compliance with the procurement requirements.

Context

This is an isolated instance. Due to the change in Chief Financial Officer at the School Corporation and the moving of the administration staff and records to a different building, procurement records related to the contract for the food service management company were not provided for audit.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

7 CFR 3016.42 states in part:

"(a) *Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
 - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
 - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement. . . .

(b) *Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years . . ."

SCHOOL CITY OF EAST CHICAGO
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation maintained and made available for audit the documentation necessary to support the procurement requirements.

Effect

The failure to provide documentation of the procurement of the food management service contract prevented the determination of the School Corporation's compliance with the procurement requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation related to the procurement requirements is maintained and are available for audit.

Views of Responsible Officials

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

Lela Simmons, **Chief Financial Officer**

CORRECTIVE ACTION PLAN

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-01, internal controls of the School Corporation on segregation of duties, control over cash and investments balances, and identify or communicate corrective action plans.

Description of Corrective Action Plan:

The corrective action plan are as follows:

- 1) With regards to internal controls for segregation of duties, the School City of East Chicago will develop a plan for the verification for the Schedule of Expenditures of Federal Awards (SEFA). This plan will include that the finance department prepares the SEFA with information obtain from the business office. Once the SEFA is prepared, the report will be forward to the Chief Financial Officer for review, approval, and signature on the physical document. After the physical document is signed, the information will be entered into the Indiana Gateway for government units reporting system. Before the document is submitted the Chief Financial Officer will compare the physical document and the reporting system to ensure they match.
- 2) Before July 1, 2017, the School City of East Chicago will establish an effective internal control, related to the cash and investment balances. The School City of East Chicago will adopt a procedure to do monthly adjustments, so that the RDS financial system will match the bank reconciliations with no material variance. This procedure will include making timely adjustments at month end or within one month of the correction to the account.

In regards to School City of East Chicago Workers Compensation bank account activity, this account has been closed. In regards of the Medical Insurance bank account activity, this account will be adjusted to match the RDS systems without carrying the correction on the reconciliation. All adjusts will be completed in the month it the error occurs or within one month of the correction.

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee



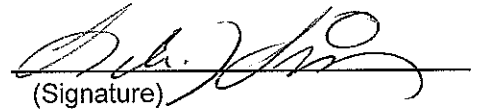
School City of East Chicago

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

- 3) The School City of East Chicago will be developing internal controls for monitoring all transactions that affect the financial statements. This plan will be implemented before entering the 2017-2018 school year. The internal controls corrective action plan will cover steps to ensure proper verification of financial documents and a corrective action plan if steps are not fully executed.

Anticipated Completion Date: All internal controls will be put in place by July 1, 2017


 (Signature)

CEO
 (Title)

5-24-17
 (Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancifer, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-002 – INTERNAL CONTROLS OVER ELIGIBILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS – PARTICIPATION OF PRIVATE SCHOOL CHILDREN AND ASSESSMENT SYSTEM SECURITY

Federal Agency: U.S. Department of Education
 Federal Program: Title I Grants to Local Educational Agencies
 CFDA Number: 84.010
 Federal Award Number and Year: 13-4670, 14-4670, 15-4670
 Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO; Maria Brown, Title I
 Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-002, internal controls for retaining signed documents, segregation of duties, and Special Tests and Provisions – Assessment System Security.

Description of Corrective Action Plan:

School Corporation will follow all steps listed below to ensure all internal controls are followed:

- **Eligibility and Special Tests and Provisions-Participation of Private School Children-** The finding accurately states that for the 2013-2014 reporting year, the Title I Grant application was not signed. However, from 2014 on, the Title I Grants have all been and will continue to be signed by the Superintendent.
- **Reporting:** Beginning in 2017, the Annual Expenditure Report will be reviewed and processed by the CFO. The document will be signed by the person completing the report.
- **Special Tests and Provisions-Assessment System Security:** The school corporation more specifically each school uses a checklist form to track the chain of custody of test documents. All individuals receiving and delivering test documents sign off. Currently these documents are kept at the school building for a period of time following the current testing cycle. Beginning with the 2017-2018 school year, these documents will be scanned to the Title I office and copies will be kept on file.

Anticipated Completion Date: School City of East Chicago will continue to ensure all internal controls are follow and will put in place by July 1, 2017 any control that's needs to be corrected.


 (Signature)

CFO

 (Title)

5-24-17

 (Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancifer, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-003 - SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: 13-4670, 14-4670, 15-4670
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO: Maria Brown, Title I
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

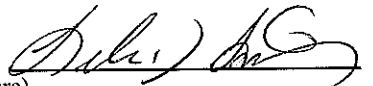
The School City of East Chicago has reviewed Finding 2015-003, internal controls for system related to the grant agreement and the compliance requirements for Suspension and Debarment.

Description of Corrective Action Plan:

School Corporation will follow all steps listed below to ensure all internal controls are followed:

- Beginning January 2017, all vendors through purchase orders have been evaluated using the Excluded Parties List Systems through the System of Award Manager Center or www.sam.gov. Each purchase order will be provided with a copy of the print out from the website. The print out is attached and copies are provided to the CFO.

Anticipated Completion Date: School City of East Chicago will continue to ensure all internal controls are follow.

(Signature) 
 (Title) CFO
 (Date) 5-24-17

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-004 -- SPECIAL TESTS AND PROVISIONS - COMPARABILITY

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: 13-4670, 14-4670, 15-4670
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO; Kimberley Bradley, Title 1 Director
Contact Phone Number: 219-391-4100 Ex 12365


Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-004, internal controls of the School Corporation system related to the grant agreement and the compliance requirements for Special Tests and Provisions - Comparability.

Description of Corrective Action Plan:

The plan to correct the finding related to the Annual Comparability Report the following will be carried out:

- Our district's Data Systems Analyst will retrieve the necessary information for the completion of the report. Once retrieved, he will sign the document ensuring that the information is correct.
 - The report will be completed by the Director of Federal Projects using the data from our information system and will be submitted online.
 - A copy of the submitted report will be signed by the Chief Financial Officer and the Director of Federal Projects and a copy will be kept in both the Federal Projects Office and with the CFO.
 - This report will be completed annually though it will only be submitted to the state bi-annually unless otherwise requested by the state.
- Anticipated Completion Date: School City of East Chicago will have internal control in place on or before July 1, 2017

Signature) 
CFO
(Title)
5-24-17
(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Number and Year: 14212-14-PN01, 14213-14-PN01
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO; Tamera Pol, Special Education Director
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-005, internal system related to the grant agreement and the compliance requirements for Allowable Costs/Cost Principles.


Description of Corrective Action Plan:

The corrective action plan are as follows:


School City will purchase copy for the general use of each school building. This paper will be stored in a different location from special education department supply. Special Education department copy paper will be monitored and distribute as follow:

1. Paper distribution will start with the order of paper to be received in the warehouse and marked as Special Education Department ONLY. District will order as well as Special Education. The district paper will be kept separate from the Special Education paper.
2. A work order will be placed to forward cases of paper to Special Education teachers who will each sign for the receiving of the paper from the Special Education Department. Teachers will contact the department when they are in need of more paper.

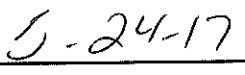
Anticipated Completion Date: All internal controls will be put in place by July 1, 2017



(Signature)



(Title)



(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-006 - EQUIPMENT

Federal Agency: U.S. Department of Education
Federal Program: Special Education_ Grants to States
CFDA Number: 84.027
Federal Award Number and Year: 14212-14-PN01, 14213-14-PN01, 14214-14-PN01, 14215-014-PN01
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO: Tamera Pol, Special Education Director
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-006, internal control system related to the grant agreement and the compliance requirements for Equipment.

Description of Corrective Action Plan:

The corrective action plan are as follows:

Equipment Procedures for Federal Project Grants

1. Special Education Clerk receives and inventories all equipment. She signs purchase order showing that all items have been received. All software on purchase orders for non-public schools are inventoried by the non-public school secretary who in turn forwards the information to the Special Education Clerk. All software purchased for SCEC through federal funding will be inventoried by Tech Intern and Director of Technology/designee. Both will sign off on list.
2. Special Education Clerk informs the tech intern who in turn reviews purchase order and asset tags all items and forwards them to the proper building.
3. Special Education Secretary prepares a list of all items on the federal projects grant to use as list #1 for comparison with Tech intern list #2.
4. Both lists will be reviewed by each other and Director of Special Education. All will sign and date showing review of list.
5. At the beginning of the school year, the Tech Intern and Special Education Secretary/designee will visit the buildings on the list to assure that equipment is at location designated on their list. Both lists must match and will be signed off by Tech Intern, Secretary and Director of Special Education. Asset tags will be checked to make sure that they are set appropriately on each item.
6. An asset tagging program has been purchased to assist and keep records of all equipment purchased. It will commence with current funding and work through to the oldest federal project.
7. At the end of the year/during the summer all inventory will be rechecked to make sure that all items are updated, working and accounted for.
8. The Director of Special Education, Chief Financial Officer, Tech Intern and Special Education Secretary will meet, discuss and submit a proposal to the Board of School Trustees for disposal of equipment. Once approved the tech intern will implement with the assistance of the Director of Technology. Both will sign off on the procedure.

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancifer, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-006 - EQUIPMENT

Anticipated Completion Date: All internal controls will be put in place by July 1, 2017


(Signature)

CFO
(Title)

5-24-17
(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

School City of East Chicago

Lela Simmons, Chief Financial Officer

FINDING 2015-007 - SPECIAL TESTS AND PROVISIONS – ASSESSMENT OF NEED

Federal Agency: U.S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number and Year: 11-4670, 12-4670, 13-4670
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO; Maria Brown, Title I
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-007, internal controls for system related to the grant agreement and the compliance requirements for the Special Tests and Provisions - Assessment of Need.

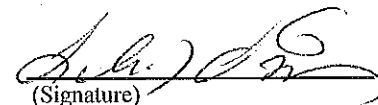
Description of Corrective Action Plan:

In response to the finding for Title IIA concerning the Comprehensive Needs Assessment lack of documentation.

Once the principals submit their individual SIP (School Improvement) plans to the superintendent, I will make sure that the Title II grant has a copy to add. We will also keep a copy for our files/binder for quick reference.

With this guideline we can determine the anticipated costs associated with the SIP of each school and whether it is feasible for the grant to cover.

Anticipated Completion Date: School City of East Chicago will have all internal controls in place by July 1, 2017.


(Signature)

CFO
(Title)

5-25-17
(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-008 - INTERNAL CONTROLS OVER ELIGIBILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS - PARTICIPATION OF PRIVATE SCHOOL CHILDREN AND ASSESSMENT SYSTEM SECURITY

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year: 13-4670, 14-4670, 15-4670
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons, CFO
Contact Phone Number: 219-391-4100 ext. 12365

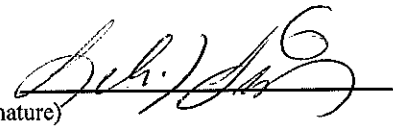
Views of Responsible Official:

The School City of East Chicago has reviewed Finding 2015-08, for internal controls with requirements related to the grant agreement and the Cash Management compliance requirements.

Description of Corrective Action Plan:

School City of East Chicago will develop internal controls for grant agreement and Cash Management pertaining to our schools' food service. The School Corporation Business Office will monitor the cash limit in the School Lunch Fund followed with a monthly review of all funds by the CFO. Invoices received will be paid within the timely due date listed on each invoice. Prior to processing, the invoice will be review by the Chief Financial Officer and the Sodexo Manager to insure compliance with the signed agreement. Once the invoice has been reviewed and approved, the business office will process the remittance in accordance with office procedures.

Anticipated Completion Date: This process is currently being practiced.


(Signature)
CFO
(Title)
5.24.17
(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancifer, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-009 - ELIGIBILITY AND SPECIAL TESTS AND PROVISIONS – VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553; 10 555
Federal Award Number and Year: FY 2013-2014, FY 2014-2015
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action Lela Simmons CFO
Contact Phone Number: 219-391-4100 Ex 12365

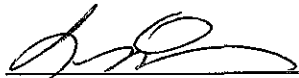
Views of Responsible Official

The School City of East Chicago has reviewed Finding 2015-09, internal controls for compliance requirements for Eligibility and Special Tests and Provisions- Verification for Food Service (Breakfast & Lunch).

Description of Corrective Action Plan

School City of East Chicago is currently using the Community Eligibility Provision (CEP) The program covers all students for the Food Service program The School Corporation currently qualifies for 95% free and reduced lunches While under the current CEP, the School Corporation will create internal controls to verify complete documentation of all applications and perform income eligibility tests to ensure that the software is accurate If the School Corporation has to return to the manual process of tracking eligibility applications, the business office will have internal controls in place to have the application reviewed and approved by a School City financial employee All records will be kept in the business office and each application will be numbered and marked approved or denied. There will be special tests and provisions done to verify that the income is verified and that there is documentation of notices to the households of the children's eligibility status for both income applications and direct certifications All records will be accounted for by Business Office personnel and reviewed by the CFO for completeness and accuracy.

Anticipated Completion Date: School City of East Chicago will continue to follow the guidelines of CEP until otherwise instructed through the state



(Signature)
CFO

(Title)
5-24-17

(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-010 - ELIGIBILITY AND SPECIAL TESTS AND PROVISIONS – VERIFICATION

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553; 10.555
Federal Award Number and Year: FY 2013-2014, FY 2014-2015
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons CFO
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:

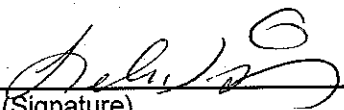
The School City of East Chicago has reviewed Finding 2015-10, internal control related to the grant agreement and the compliance requirements for special tests and provisions for Paid Lunch Equity. Prior Chief Financial Officer prepared a Paid Lunch Equity calculation to increase paid lunch.

Description of Corrective Action Plan:

The corrective action plan are as follows:

As of May 24, 2017 all financial document related to Paid Lunch Equity will be kept in the business office. All detail back up pertaining to the calculation and revisions will be retained with the Paid Lunch Equity information.

Anticipated Completion Date: School City of East Chicago Food Service currently is work under Community Eligibility Provision.



(Signature)

CFO

(Title)

5-24-17

(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

Lela Simmons, Chief Financial Officer

CORRECTIVE ACTION PLAN

FINDING 2015-012 - PROCUREMENT

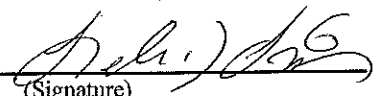
Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children
CFDA Number: 10.553, 10.555, 10.559
Federal Award Number: FY 2013-2014, FY 2014-2015
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Lela Simmons CFO
Contact Phone Number: 219-391-4100 Ex 12365

Views of Responsible Official:
The School City of East Chicago has reviewed Finding 2015-12, internal control for grant agreement and the compliance requirements for Procurement.

Description of Corrective Action Plan:
The corrective action plan are as follows:
School City of East Chicago will retain all Procurement documentation in the business office. This documentation will include all bids or request proposals, School City evaluation of the proposals, and all communication with Indiana Department of Education regarding procurement awards. All related contracts will be stored with all official documents. The awarded business will be all required documents with signatures that are required.

Anticipated Completion Date: The anticipated date for compliance is July 1, 2017



(Signature)

CFO

(Title)

5-24-17

(Date)

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancifer, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

SCHOOL CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The financial statement presented in the Financial Statement and Federal Single Audit Report of the School Corporation included the General fund with an overdrawn cash balance of \$1,221,316 at June 30, 2014.

A similar comment appeared in the prior Report B43800.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SUPPORTING DOCUMENTATION

The School Board adopted Policy #6423 governing the use of credit cards, which stated in part: "Procedures for payment of expenses charged to credit cards must be according to Board policy for the payment of claims, Policy #6470." Policy #6470, states in part: "Each bill or obligation of this Board must be itemized fully and verified before a warrant can be drawn for its payment."

We reviewed \$34,791.35 of credit card charges and payments for school years 2013-2014, 2014-2015, and 2015-2016. We found that \$9,448.86 in purchases made with the School Corporation's credit cards were not supported by itemized receipts. The charges not supported by an itemized receipt incurred in connection with travel expenses related to School Corporation business.

In addition, there was an itemized receipt for the purchase of two airline tickets for one of the School Board members and another person independent of the School Corporation. The extra \$366.96 ticket for airfare was to be reimbursed to the School Corporation. There was no evidence provided that indicated that the School Corporation had been reimbursed for the extra ticket.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 1)

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance /resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.

SCHOOL CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

LOCAL POLICIES

Travel

The School Corporation did not have a formalized Travel Policy which would have provided documented guidance for mileage rates, daily limits for meals or lodging, or a definition of local travel. Without a travel policy, there was no consistency between departments as to how much was paid for travel. When travel was to occur, a form was completed which estimated travel costs which was approved by the appropriate administrators and the School Board. These forms only applied to employees and not to School Board members.

Charging and Collections

The School Corporation had not established a policy which addressed the authorization to charge a food purchase when a student's account balance is not sufficient to cover their purchase. Additionally, the School Corporation did not have a collection policy for enforcing payment of delinquent student accounts.

A similar comment appeared in the prior Report B43800.

Each unit must adopt a written travel policy in conformity with applicable laws. Reimbursement for lodging and meals must be based upon actual receipts for amounts paid unless otherwise authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SCHOOL CITY OF EAST CHICAGO
AUDIT RESULTS AND COMMENTS
(Continued)

TEACHER COLLECTIVE BARGAINING AGREEMENTS

The Collective Bargaining Agreement approved by the School Board was not posted to the school employer's internet website as of May 2017.

A similar comment appeared in the prior Report B43800.

Indiana Code 20-29-6-19 states: "Not later than fourteen (14) business days after the parties have reached an agreement under this chapter, the school employer shall post the contract upon which the parties have agreed on the school employer's Internet web site."



School City of East Chicago

Dr. Paige McNulty, Superintendent

June 2, 2017

Dear Mr. David,

This letter serves as my response to the audit results for the School City of East Chicago. My response is specifically for Policy 6423 and 6470. These policies refer to the Board credit card charges. It states “Each bill or obligation of this Board must be itemized fully and verified before a warrant can be drawn for its payment”.

The School City of East Chicago had \$9, 448.86 of credit card charges from Board members without receipts. I have spoken to the Board since I became the Superintendent on July, 1, 2016 about not using credit cards at all. I have also talked with the Board during several executive sessions about taking a per diem during trips. I have explained that they cannot take the per diem and use the credit card. I have asked them to govern themselves and to not use them inappropriately. I have reviewed with the Board several times what allowable expenses are and are not. The CFO and I have asked for receipts to all credit card expenses after each trip.

I reviewed these audit findings with my board on May 31st, 2017 and told them I would be recommending a policy be put in place regarding credit card use for Board members. I will be recommending that if receipts aren't turned in or if they are inappropriate expenses that their credit card be turned off.

Respectfully,
Dr. Paige McNulty
Superintendent

Board of School Trustees

Stacy Winfield
President

Vanessa Hernandez-Orange
Vice President

Dwayne Rancier, Jr.
Secretary

Jesse Gomez
Trustee

Joel Rodriguez
Trustee

June 8, 2017

Mr. Paul Joyce, State Examine
Indiana State Board of Accounts
302 W. Washington St. Room E418
Indianapolis, IN 46204-2765

Dear Mr. Joyce:

Please allow this correspondence to serve as my official response to the School City of East Chicago Audit Results and Comments for the time period of October 6, 2013 – June 21, 2015 when I served as the Chief Financial Officer for the district.

1. Overdrawn Cash Balances

When I arrived at School City of East Chicago, the cash balance in the general fund had a negative balance of roughly \$2.5M. During my time there, Interim Superintendent Mary Dywan, and then Dr. Yomtoob, and I worked with the Board of School Trustees to correct this matter. Reductions were made through building closures and insurance changes to reduce expenditures. Revenues that had been posted to the incorrect fund were properly credited to the general fund and new revenue was generated. These changes resulted in a positive cash balance prior to my departure in June of 2015.

2. Payments Without Supporting Documentation

It should be noted that the School City of East Chicago provided credit cards for each of its nine members on the Board of School Trustees. There was a process in place that required the members to “check-out” their card from the Board Secretary when travel was necessary for school-related training and/or conferences. Most of the board members followed this policy and turned in their itemized receipts for all purchases.

When a board member did not supply the itemized receipts, I prepared a memo and submitted it to the Superintendent and to the member of the Board of School Trustees detailing the items that were missing, requesting that the itemized receipts be provided, and indicating that failure to provide this information would result in the member having to pay back the school district for these charges. A copy of this memo was then attached to the claim. This was the process I was directed to utilize in these matters. Failing to pay the credit card statement promptly would have resulted in an accrual of late fees and penalties, which public entities are not permitted to pay. I was not permitted to cancel the district credit cards.

The other items listed in the Audit Results and Comments are related to board policy and web site management, which did not fall under my purview as the Chief Financial Officer for the School City of East Chicago.

Thank you for the opportunity to respond to the Audit Result and Comments. Should you have any questions, please contact me at your convenience. I can be reached at katydowling@gmail.com or at 219-613-5856.

Sincerely,

A handwritten signature in cursive script that reads "Katy Dowling". The signature is written in black ink and includes a decorative flourish at the end of the name.

Katy Dowling

June 8, 2017

Mr. Paul Joyce, State Examine
Indiana State Board of Accounts
302 W. Washington St. Room E418
Indianapolis, IN 46204-2765

Dear Mr. Joyce:

Please allow this correspondence to serve as my official response to the School City of East Chicago Schedule of Findings and Questioned Costs for the time period of October 6, 2013 – June 21, 2015 when I served as the Chief Financial Officer for the district.

1. Finding 2015-001

Lack of Segregation of Duties: This comment was included in the last audit report for the prior period. The process was changed so that the Deputy Treasurer/Office Supervisor prepared the SEFA, but it was reviewed by the CFO prior to its entry into the Gateway. A file was maintained in the CFO's office with proof of this review and was titled in the name of the applicable Gateway report.

With regard to the adjustments on the bank reconcilements, this was also included in the last audit report for the prior period. At that time, a plan was put in place to eliminate the adjusting entries and minimize these entries in the future.

2. Finding 2015-002

The signed 2013-2014 Title I Grant Application was maintained in the Title I Office. A back-up was maintained in the business office with the reimbursement requests. These files not being able to be produced is a direct result of the move of the administration service center and in no way related to a "change in management." All files were left in the custody of the School City of East Chicago upon my departure.

3. Finding 2015-003

This comment was included in the last audit report for the prior period. At that time, a corrective action plan was put into place in which a staff member in the Title I office would check the vendors on the SAM website, verify their suspension and debarment status, print the confirmation/informational sheet from the SAM website and retain it for audit to demonstrate compliance with this requirement. I am unsure why these records were not able to be provided for the purposes of this audit.

4. Finding 2015-004

All files were left in the custody of the School City of East Chicago upon my departure from the district. If these files were unable to be produced, I would surmise these files were also lost during the physical move of the administrative service center.

5. Finding 2015-005

No response.

6. Finding 2015-006

To my knowledge, the secretary in the Special Education department did maintain an inventory of equipment purchased through the Special Education Grant.

7. Finding 2015-007

Attendance was taken at all meetings and agendas were prepared to document the needs assessment. My understanding is that those documents were maintained in the Title I office. I am unsure why these documents would have been unable to be produced for the purposes of audit and would surmise these files were also lost during the physical move of the administrative service center.

8. Finding 2015-008

During the last audit period, I inquired with the auditor about the feasibility of charging indirect costs to the food service fund. At that time, it was determined that the food service program was losing funds due to large amounts of uncollected meal balances. We did not have a system in place to assess the net cash resources because the program was not self-sustaining.

9. Finding 2015-009

I am aware that the person that was primarily responsible for this function no longer works in the district. I am unsure if that contributed to the inability for this process to be properly explained/documented with records or if the lack of records is a result of the physical move of the administrative service center.

10. Finding 2015-010

The school lunch program was operated by Sodexo. The onsite manager prepared the supporting documentation and calculation to support the increase in the pricing in order to meet the paid lunch equity requirement. Our onsite manager reviewed this information

with me and I then prepared the board recommendation for the increase in the school lunch price. The documentation of calculation for paid lunch equity was maintained by Sodexo.

11. Finding 2015-011

All documentation related to the information submitted in the AFR's was maintained in a file entitled AFR or Annual Financial Report with the corresponding year of the report. If this information was unable to be produced, I would surmise these files were also lost during the physical move of the administrative service center.

12. Finding 2015-012

All files related to the bids for the food service management contract were maintained in the business office. These files not being able to be produced is a direct result of the move of the administration service center and in no way related to a "change in management." All files were left in the custody of the School City of East Chicago upon my departure.

Thank you for the opportunity to respond to the Schedule of Findings and Questioned Costs. Should you have any questions, please contact me at your convenience. I can be reached at katydowling@gmail.com or at 219-613-5856.

Sincerely,



Katy Dowling

SCHOOL CITY OF EAST CHICAGO
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2017, with Lela Simmons, Treasurer; Dr. Paige McNulty, Superintendent of Schools; Dwayne Rancifer, Jr., Secretary of the School Board; Nelson Pena, former Treasurer; Kathleen Dowling, former Treasurer; and Nicole Hoekstra, Consultant.