

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BLOOMFIELD SCHOOL DISTRICT

GREENE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED

09/26/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stacey Robinette	07-01-13 to 06-30-18
Superintendent of Schools	Daniel A. Sichtung (Vacant)	07-01-13 to 07-31-16
	Doug Rose (Vacant)	08-01-16 to 08-10-16
	Doug Rose (Vacant)	08-11-16 to 01-26-17
	Dr. Carrie Milner (Vacant)	01-27-17 to 02-23-17
	Dr. Carrie Milner (Vacant)	02-24-17 to 05-12-17
	Jeff Gibboney	05-13-17 to 05-31-17
		06-01-17 to 06-30-18
President of the School Board	Steve Dowden	07-01-13 to 06-30-14
	Dwayne Hostetter	07-01-14 to 06-30-16
	Keven McIntosh	07-01-16 to 06-30-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BLOOMFIELD SCHOOL DISTRICT, GREENE COUNTY, INDIANA

This report is supplemental to our audit report of the Bloomfield School District (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 Result and Comment as described below.

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

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

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

August 22, 2017

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS

FINDING 2015-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediate prior audit. The prior audit finding number was 2013-001.

Condition

The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation relied on one employee to prepare and submit the SEFA. There was no evidence of a control to ensure federal awards information entered and submitted was correct.

Context

The SEFA contained the following errors:

- The School Breakfast Program FY 2014 expenditures of \$60,986 were not reported.
- The National School Lunch Program commodities of \$59,570 were not reported and expenditures were overstated \$33,261, for a net understatement of \$26,309.
- The Special Education Cluster (IDEA) expenditures of \$218,206 for FY 2014 were not reported.
- The Title I Grants to Local Educational Agencies FY 2014 expenditures were understated \$27,526.
- The Title I Grants to Local Educational Agencies FY 2015 expenditures were understated \$45,672.
- The Improving Teacher Quality State Grants FY 2014 expenditures of \$30,655 from the FY 2012 grant were not reported.
- The Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance expenditures in the amount of \$400 for FY 2015 were not reported.

The errors resulted in a net understatement of federal expenditures of \$341,386. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

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

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

The failure to establish controls enabled material misstatements of the SEFA to occur.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

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

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation did not have an effective system of internal control in place to prevent, or detect and correct, financial transactions and reporting errors.

Context

The School Corporation had not separated incompatible activities related to receipt transactions. The receipting and depositing procedures were completed by one individual. There was no evidence of a control to ensure receipts were properly recorded, deposited to the bank, and reported.

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.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

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

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

Cause

Management of the School Corporation had not established a proper system of internal control, which would have included segregation of duties, over receipts.

Effect

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

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, financial transactions and reporting errors.

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

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-024-PN01, 14213-024-PN01,
14214-024-PN01, 14215-024-PN01,
99914-024-PN01, 45713-024-PN01,
45714-024-PN01, 45715-024-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grants. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

The School Corporation had not established an internal control system to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. The School Corporation failed to keep the necessary documentation relating to Circular A-87 for time and effort reporting. For those employees that were paid entirely from the Special Education program, the Cooperative did not submit Semi-Annual Certification.

Context

There were no Semi-Annual Certifications completed during the audit period.

Criteria

OMB Circular A-87, Attachment B, Section 8h(3) states:

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

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

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

Cause

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

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Noncompliance with the Allowable Costs/Cost Principles 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 and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles requirements listed above.

Views of Responsible Officials

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

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

FINDING 2015-004

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-024-PN01, 14213-024-PN01,
14214-024-PN01, 99914-024-PN01,
45713-024-PN01, 45714-024-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grants. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

Reporting

The School Corporation had not established an effective internal control system over their Special Education program related to the Reporting compliance requirement. Reimbursement Requests were prepared and filed by the Cooperative Treasurer with no oversight, review or approval process, or other compensating control.

Context

Controls did not exist over the compliance requirement of Reporting for Reimbursement Requests for the 2013-2014 school year.

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have ensured the School Corporation complied with the Reporting compliance requirement.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system could have enabled noncompliance to occur. Noncompliance with 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 and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Reporting requirements listed above.

Views of Responsible Officials

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

FINDING 2015-005

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-024-PN01, 14214-024-PN01,
14215-024-PN01, 45713-024-PN01,
45715-024-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matter

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

The School Corporation was a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have procedures in place to verify that the vendors were not suspended or debarred, or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a contract with them.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Context

The School Corporation did not verify that vendors were not suspended or debarred prior to awarding the contracts with 100 percent of applicable vendors for the 2014-2015 school year.

Criteria

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

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

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Procurement and Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system 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 and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment requirements listed above.

Views of Responsible Officials

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

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

FINDING 2015-006

Subject: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-024-PN01, 14213-024-PN01,
14214-024-PN01, 14215-024-PN01,
99914-024-PN01, 45713-024-PN01,
45714-024-PN01, 45715-024-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation is a member of the Greene-Sullivan Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program and managed the Special Education grant funds. The School Corporation is responsible for maintaining documentation for level of effort reported in the application.

The maintenance of effort calculations were prepared by and reported on the applications sent to the Indiana Department of Education by the Treasurer. There was no oversight, review, approval process, or other compensating control to ensure the information submitted was complete and accurate.

Context

Controls did not exist over the compliance requirement of Matching, Level of Effort, Earmarking during the audit period.

Criteria

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

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

Cause

Management had not develop a system of internal controls that would have ensured that the School Corporation complied with the Matching, Level of Effort, and Earmarking compliance requirement.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2015-007

Subject: Child Nutrition Cluster - Special Tests and Provisions - Paid Lunch Equity and Reporting
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 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Special Tests and Provisions - Paid Lunch Equity, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance related to the grant agreement and the following compliance requirements: Special Tests and Provisions - Paid Lunch Equity and Reporting.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity requirements. There were no procedures in place to ensure that the calculation was performed and documentation maintained.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Reporting

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the Reporting requirements. There were no procedures in place to ensure that the reports submitted were accurate.

Context

Controls did not exist over the Special Tests and Provisions - Paid Lunch Equity and Reporting compliance requirements during the audit period.

Criteria

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

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

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Reporting and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

FINDING 2015-008

Subject: Child Nutrition Cluster - 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 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Special Tests and Provisions- Verification of Free
and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, Scope Limitation Modified Opinion

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-002.

Condition

An effective internal control system was not in place to ensure that student information supporting proper application of the free and reduced price student eligibility determinations was retained and available for audit. The Food Service Department used a web-based program to store and manage student meal accounts and activity. Student eligibility classifications were inputted in the program and used for daily meal charges and payments.

Student eligibility and Verification of Free and Reduced Price Applications (NSLP) was properly performed and documented on hardcopy applications, but due to a RansomWare attack, individual student information maintained by the software program was lost for the entire audit period. Audit testing could not be performed to verify that the students' eligibility status was properly utilized for meal charges and payments applied throughout the audit period because the data was destroyed in the attack.

Context

It could not be determined if the student eligibility classifications had been properly applied and if the verification process was correctly performed for either year of 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. . . ."

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

7 CFR 210.23(c) states:

"Retention of records. State agencies and school food authorities may retain necessary records in their original form or on microfilm. State agency records shall be retained for a period of 3 years after the date of submission of the final Financial Status Report for the fiscal year. School food authority records shall be retained for a period of 3 years after submission of the final Claim for Reimbursement for the fiscal year. In either case, if audit findings have not been resolved, the records shall be retained beyond the 3-year period as long as required for the resolution of the issues raised by the audit."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

- (13) Upon request, make all accounts and records pertaining to its nonprofit school food service available to the State agency, to FNS and to OA for audit or review at a reasonable time and place. Such records shall be retained for a period of three years after the end of the fiscal year to which they pertain, except that if audit findings have not been resolved, the records shall be retained beyond the three-year period as long as required for the resolution of the issues raised by the audit; . . ."

Cause

Management had not developed a system of internal controls that would have ensured that documentation was retained and made available for audit regarding the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish controls that would have ensured the retention of the records for testing eligibility and verification prevented the determination of the School Corporation's compliance with the Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

FINDING 2015-009

Subject: Child Nutrition Cluster - Program Income
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 2014, FY 2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Scope Limitation Modified Opinion

Repeat Finding

This is not a repeat finding from the immediate prior audit.

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement.

The School Corporation did not comply with requirements for accounting for program income generated from the operation of the school food service program. A single fund, the School Lunch fund, was used to account for all activity of the school food service program.

The School Corporation maintained prepaid accounts for students. When prepaid funds were received, they were receipted with the program income into the School Lunch fund as revenue, with no distinction between the prepaid accounts and the program income generated from the school food service program.

Context

The School Corporation's procedures for recording receipts in the School Lunch fund prevented the ability to determine whether the School Corporation was in compliance with the Program Income requirements.

Criteria

7 CFR 3016.20 (b)(2) states:

"Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

Cause

Management had not developed a system of internal controls that would have ensured that prepaid receipts and program income receipts were properly identified and accounted for.

BLOOMFIELD SCHOOL DISTRICT
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish controls that would have ensured proper receipting and recording of program income prevented the determination of the School Corporation's compliance with Program Income requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation comply with the Program Income requirements and segregate the prepaid receipts from the program income receipts.

BLOOMFIELD SCHOOL DISTRICT

500 West South Street - Post Office Box 266

BLOOMFIELD, INDIANA 47424

Ph. (812) 384-4507

FAX (812) 384-0172

Superintendent
Mr. Jeff Gibboney

Board of School Trustees

Keven McIntosh

Matt Miller

Steve Jones

Darren Burch

Terry Wade

Rich Williams

Rachael Wiseman

CORRECTIVE ACTION PLAN

FINDING 2015-001

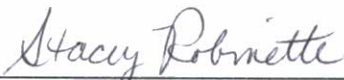
Contact Person Responsible for Corrective Action: Stacey Robinette

Contact Phone Number: 812-384-4386

Views of Responsible Official: We concur with the finding.

The Bloomfield School District continues to obtain information to properly identify, appropriately track, and report Federal Grants. CFDA numbers are being listed on fund numbers in our financial software. Further education through local school treasurer meetings, online and written publications, IASBO and SBOA training workshops will continue to be pursued as a means to bring accuracy to SEFA reporting. The District Treasurer will also work with the District Superintendent to establish an internal control for reviewing and approving the financial data before it is submitted formally for the corporation.

Anticipated Completion Date: August 31, 2017



Stacey Robinette, Treasurer

Dated: August 7, 2017

BLOOMFIELD SCHOOL DISTRICT

500 West South Street - Post Office Box 266

BLOOMFIELD, INDIANA 47424

Ph. (812) 384-4507

FAX (812) 384-0172

Superintendent
Mr. Jeff Gibboney

Board of School Trustees

Keven McIntosh

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Rachael Wiseman

CORRECTIVE ACTION PLAN

FINDING 2015-002

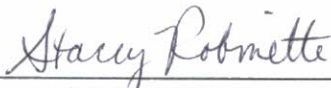
Contact Person Responsible for Corrective Action: Stacey Robinette

Contact Phone Number: 812-384-4386

Views of Responsible Official: We concur with the finding.

The Bloomfield School District Treasurer will begin separating the duties of those involved in the receipting of monies and the deposit process at the financial institution. The Treasurer will begin receipting monies into the software system and then provide a report of the receipted monies from the software to the Elementary and/or High School ECA treasurers. The elementary or high school ECA treasurer will then complete the deposit ticket and deliver to the bank. This will provide an internal control of money received and deposited by the corporation.

Anticipated Completion Date: Immediate



Stacey Robinette, Treasurer

Dated: August 7, 2017

BLOOMFIELD SCHOOL DISTRICT

Board of School Trustees

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Matt Miller
Terry Wade
Rich Williams
Rachael Wiseman

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Superintendent

Jeff Gibboney

Corrective Action Plan

Finding 2015-003

Contact Person Responsible for Corrective Action: Jeff Gibboney
Contact Phone Number: (812) 384-4507

We concur with the findings.

Description of Corrective Action Plan:

Management of the Bloomfield School District will work with the Greene-Sullivan Special Education Cooperative to establish internal controls that will ensure the Cooperative is in compliance with Allowable Costs/Cost Principles compliance requirements concerning time and effort reporting.

Anticipated Completion Date: August 31, 2017

Finding 2015-004

Contact Person Responsible for Corrective Action: Jeff Gibboney
Contact Phone Number: (812) 384-4507

We concur with the findings.

Description of Corrective Action Plan:

Management of the Bloomfield School District will work with the Greene-Sullivan Special Education Cooperative to establish internal controls that will ensure the Cooperative is in compliance with the Reporting compliance requirement concerning reimbursement requests.

Anticipated Completion Date: August 31, 2017

Finding 2015-005

Contact Person Responsible for Corrective Action: Jeff Gibboney
Contact Phone Number: (812) 384-4507

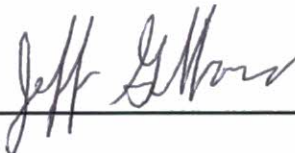
We concur with the findings.

Description of Corrective Action Plan:

Management of the Bloomfield School District will work with the Greene-Sullivan Special Education Cooperative to establish internal controls that will ensure the Cooperative is in compliance with the Procurement, Suspension and Debarment requirement concerning the approval of contracts only after verifying the vendors were not suspended or debarred.

Anticipated Completion Date: August 31, 2017

Dated: August 1, 2017



Jeff Gibboney, Superintendent

BLOOMFIELD SCHOOL DISTRICT

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CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Stacey Robinette

Contact Phone Number: 812-384-4386

Views of Responsible Official: We concur with the finding.

The Bloomfield School District Treasurer will work with the Bloomfield Elementary School Secretary, whom is responsible for filing special education reports with the state, to establish a segregation of duties with regards to Matching, Level of Effort, and Earmarking. Maintenance of Effort supporting documentation will be obtained and retained to substantiate the state and local expenditures and student counts. The information will then be submitted to the Bloomfield School District Superintendent for review and approval prior to submission to the Greene-Sullivan Special Education Cooperative.

Anticipated Completion Date: August 31, 2017



Stacey Robinette, Treasurer

Dated: August 7, 2017

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CORRECTIVE ACTION PLAN

FINDING 2015-007

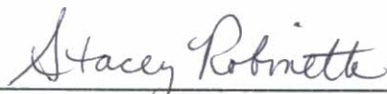
Contact Person Responsible for Corrective Action: Stacey Robinette

Contact Phone Number: 812-384-4386

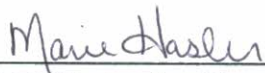
Views of Responsible Official: We concur with the finding.

The Bloomfield School District Treasurer will work with the Bloomfield School Food Service Director to perform the Paid Lunch Equity calculations annually and to establish paid lunch prices as indicated by the formula. Proper documentation will be kept on file to provide auditors the necessary information to verify calculations were completed according to the formula.

Anticipated Completion Date: August 31, 2017



Stacey Robinette, Treasurer



Marie Hasler, Food Service Director

Dated: August 7, 2017

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Rachael Wiseman

Superintendent

Mr. Jeff Gibboney

CORRECTIVE ACTION PLAN

FINDING 2015-008

Contact Person Responsible for Corrective Action: Stacey Robinette and Marie Hasler

Contact Phone Number: 812-384-4386

Views of Responsible Official: We concur with the finding.

The Bloomfield School District has purchased software allowing for daily back-ups of students' individual accounts in the school lunch program. The food service director will work with the food service financial clerk to set up a review and approval process for verifying the information provided by the Indiana Department of Education and parents/guardians and also maintain the electronic records as well as hard copy documentation.

Anticipated Completion Date: August 31, 2017



Stacey Robinette, Treasurer



Marie Hasler, Food Service Director

Dated: August 7, 2017

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CORRECTIVE ACTION PLAN

FINDING 2015-009

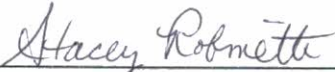
Contact Person Responsible for Corrective Action: Stacey Robinette and Marie Hasler

Contact Phone Number: 812-384-4386

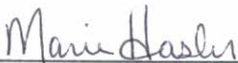
Views of Responsible Official: We concur with the finding.

The Bloomfield School District Treasurer has established pre-paid account funds 0300 and 0900 in the extra-curricular accounting program of the district's financial software as pre-paid adult and pre-paid student holding funds allowing separation of pre-paid funds from the school lunch program fund 0800. The treasurer will begin providing monthly fund reports of the prepaid funds to the food service financial clerk to verify and approve the proper receipting and expending of monies from the holding accounts into the school lunch fund as well as reconcile the total of the individual meal accounts with the clearing fund accounts.

Anticipated Completion Date: Immediate



Stacey Robinette, Treasurer



Marie Hasler, Food Service Director

Dated: August 7, 2017

BLOOMFIELD SCHOOL DISTRICT
AUDIT RESULT AND COMMENT

PREPAID SCHOOL LUNCH ACCOUNTS

Receipts from students who prepaid for food were receipted directly into the School Lunch fund instead of a clearing account established for prepaid food.

Our opinion is that money a student puts into their individual meal account should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account number 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, September 2015)

BLOOMFIELD SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2017, with Jeff Gibboney, Superintendent of Schools; Stacey Robinette, Treasurer; and Matthew Mills, Secretary of the School Board.