

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
CENTRAL NINE CAREER CENTER  
JOHNSON COUNTY, INDIANA  
July 1, 2013 to June 30, 2015



**FILED**  
12/11/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cindy Payton	07-01-13 to 06-30-18
Director	Stephen Hagen	07-01-13 to 12-31-13
	David Edds	01-01-14 to 06-30-16
	Nicole Otte	07-01-16 to 06-30-18
President of the School Board	Bill Maschmeyer	07-01-13 to 02-11-15
	Greg Waltz	02-12-15 to 02-08-17
	Michael Metzger	02-09-17 to 02-13-19



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TO: THE OFFICIALS OF THE CENTRAL NINE CAREER CENTER, JOHNSON COUNTY, INDIANA

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

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

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

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

October 25, 2017

CENTRAL NINE CAREER CENTER  
FEDERAL FINDINGS

***FINDING 2015-001***

Subject: Career and Technical Education -- Basic Grants to States - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Career and Technical Education -- Basic Grants to States

CFDA Number: 84.048

Federal Award Numbers and Years (or Other Identifying Numbers): 12-4700-4265, 13-4700-4265,  
14-4700-4265

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 year.

*Condition*

The School Corporation had not designed or implemented adequate internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. There were no procedures in place to ensure that the required Semi-Annual Certifications were completed. An oversight, review, or approval process, or other compensating control, had not been established.

The required certifications for the Career and Technical Education -- Basic Grants to States program were not completed by the School Corporation.

*Context*

The School Corporation did not have controls in place to ensure that proper time and effort certifications were completed. The issue was systemic throughout the audit period.

*Criteria*

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

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

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

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

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

CENTRAL NINE CAREER CENTER  
FEDERAL FINDINGS  
(Continued)

*Cause*

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

**FINDING 2015-002**

Subject: Adult Education - Basic Grants to States - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Adult Education - Basic Grants to States

CFDA Number: 84.002

Federal Award Numbers and Years (or Other Identifying Numbers): C1-3-AE-2-33, C1-4-AE-3-33,  
C1-5-AE-4-33, C1-3-ELC-2-33,  
C1-4-ELC-3-33, C1-5-ELC-4-33

Pass-Through Entity: Indiana Department of Workforce Development

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 had not designed or implemented adequate internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. There were no procedures in place to ensure that the required Semi-Annual Certifications or time and effort logs, as applicable, were being done. An oversight, review, or approval process, or other compensating control, had not been established.

CENTRAL NINE CAREER CENTER  
FEDERAL FINDINGS  
(Continued)

The required Semi-Annual Certifications or time and effort logs for the Adult Education - Basic Grants to States program were not being kept by the School Corporation.

*Context*

There were no controls in place at the School Corporation to ensure that required Semi-Annual Certifications or time and effort logs were completed and maintained. The issue was systemic throughout the audit period.

*Criteria*

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

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

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

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

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

*Cause*

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

*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.

CENTRAL NINE CAREER CENTER  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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



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CORRECTIVE ACTION PLAN

**FINDING 2015-001**

Contact Person Responsible for Corrective Action: Nicole Otte  
 Contact Phone Number: 317-888-4401 ext. 244

Views of Responsible Official: This was a finding from a 2015 Perkins Financial Audit. Therefore, we put corrective actions into place at that time.

Description of Corrective Action Plan: In July of 2015, we implemented use of Personnel Activity Reports for employees whose salaries were partially out of the Perkins Grant. We also implemented Semi-Annual Certifications for those employees whose positions are fully funded through the grant. This process remains in place at this time, and will continue to be utilized in the future.

Anticipated Completion Date: July 2015

Cindy Payton  
 (Signature)

BUSINESS MANAGER  
 (Title)

10/25/17  
 (Date)



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**Adult Education**  
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October 24, 2017

Finding 2015-008

Contact Person Responsible for Corrective Action: Michelle Davis  
Contact Phone Number: 317-888-4401

Views of Responsible Official: I agree with the findings.

Description of Corrective Action Plan: The Adult Education program will implement the required Time and Effort Reports.

Anticipated Completion Date: The Adult Education program will begin implementation November 2017.

Michelle Davis  
Director of Adult Education  
10-25-17

As a provider of life-long learning, the Adult Education program at Central Nine Career Center is committed to inspiring adults to academic and personal development. Our mission is to empower adults through excellence in education, career pathways, and life skills to achieve employment success in a diverse society.

Beech Grove Center Grove Franklin Community Franklin Central  
Greenwood Indian Creek Southport Whiteland Perry Meridian

CENTRAL NINE CAREER CENTER  
EXIT CONFERENCE

The contents of this report were discussed on October 25, 2017, with Cindy Payton, Treasurer, and Nicole Otte, Director.