

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

NEW ALBANY-FLOYD COUNTY
CONSOLIDATED SCHOOL CORPORATION
FLOYD COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
06/15/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Fred McWhorter II Dwight Beall (interim) Chris Street	07-01-14 to 07-31-17 08-01-17 to 10-01-17 10-02-17 to 06-30-18
Superintendent of Schools	Dr. Bruce A. Hibbard Dr. Bradley J. Snyder (interim) Dr. Bradley J. Snyder	07-01-14 to 06-30-17 07-01-17 to 01-28-17 01-29-18 to 12-31-20
President of the School Board	D. J. Hines Rebecca Gardenour Jenny Higbie	01-01-14 to 12-31-14 01-01-15 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE NEW ALBANY-FLOYD COUNTY CONSOLIDATED
SCHOOL CORPORATION, FLOYD COUNTY, INDIANA

This report is supplemental to our audit report of the New Albany-Floyd County Consolidated School Corporation (School Corporation), for the period from July 1, 2014 to June 30, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal 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

May 23, 2018

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

The School Corporation did not have sufficient internal controls in place to ensure all financial transactions of the School Corporation had been properly recorded in the School Corporation's records.

The payroll deduction clearing bank account was used to disburse employee withholdings to payroll vendors using an electronic payment method (ACH) that did not require checks. These amounts were set up in the payroll system as payroll direct deductions. Starting with the November 21, 2014 payroll, the deductions for Health Savings Accounts (HSA) were not posted to the clearing accounts in the School Corporation's financial records. The deductions did not appear on the School Corporation's vendor history reports, revenue reports, or expense reports, and the deductions were not approved by the School Board. The unrecorded deductions totaled \$446,378 for school year 2015 and \$835,222 for school year 2016.

Adjustments for the transactions noted above were proposed, accepted by the School Corporation, and made to the financial statements.

Context

This was a systemic problem. The HSA withholdings were not posted to the School Corporation's financial records starting in November 2014 and throughout the remainder of the audit period.

Criteria

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

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

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

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

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. . . ."

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Clearing accounts serve as control accounts for certain areas of the accounting system. Therefore, they must be supported by receipt and disbursement entries in the general ledger and subsidiary ledgers or other supporting records. The clearing accounts are subsidiary records only and should not be used in lieu of proper and prescribed reporting of receipts, disbursements and balances of funds of the school corporation in accordance with IC 5-11-1-2. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 7)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

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

Recommendation

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
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 Number and Year (or Other Identifying Number): FY 14-15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation had not established an effective internal control system related to the grant agreements and the Allowable Costs/Cost Principles. No controls were in place during the 2015 school year to ensure compliance with time and effort reporting requirements; therefore, none of the required reports were completed.

Context

No evidence was presented that Semi-Annual Certifications were completed and certified during the 2015 school year for any employees who were paid solely from food service funds. No evidence was presented that Personal Activity Reports were prepared during the audit period for any employees who were paid from multiple cost objectives.

This was a systemic problem for the 2015 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. . . ."

OMB Circular A-87, Attachment B, section 8h 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 semiannually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

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

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreements and the compliance requirement could have resulted in 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 with the Allowable Costs/Cost Principles 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 2016-003

Subject: Child Nutrition Cluster - 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 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

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 Reporting compliance requirement.

No evidence was presented for audit that indicated that someone other than the preparer of the Annual Financial Reports (AFR) and the School Food Authority (SFA) Verification Collection Reports was reviewing these reports for accuracy prior to submission.

The amounts reported on the AFR for Sales to Children and Sales to Adults were based off of the Meal and Revenue Reports from the Food Service Department point of sale software and not from the revenue reported in the School Lunch fund maintained on the School Corporation's fund ledger. As a result, the ending balance reported on the AFR did not agree with the ending balance of the School Lunch fund on the School Corporation's financial records.

Context

This was a systemic problem throughout the audit period.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 3016.20(b)(1) states: "*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."

2 CFR 200.302 states in part: ". . . (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

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

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2016-004

Subject: School Breakfast Program and National School Lunch Program - 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 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Condition

No evidence was presented for audit that indicated internal controls were in place to ensure compliance with the requirements related to the grant agreement and the Cash Management compliance requirement.

The Food Service Director indicated that a monthly analysis of the net cash resources of the School Lunch fund was performed to ensure net cash resources did not exceed the three months average expenditures; however, documentation supporting that an analysis was being performed was not maintained and made available for audit.

Context

The lack of documentation to support the performance of a monthly analysis of the net cash resources of the School Lunch fund was 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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 Cash Management compliance requirement.

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 2016-005

Subject: Child Nutrition Cluster - 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 Number and Year (or Other Identifying Number): FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure the purchasing method used complied with 2 CFR 200.320.

The School Corporation did not present evidence that an adequate number of quotes were obtained and maintained for audit for procurements under the small purchases method.

Context

This was a systemic problem throughout the 2016 school year.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . .

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

Cause

The School Corporation's management did not establish controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2016-006

Subject: Child Nutrition Cluster - Program Income
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 Number and Year (or Other Identifying Number): FY 14-15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Other Matters

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. For the 2015 school year, a prepaid meal account had not been established to separately account for collections received on students' prepaid accounts. The prepaid collections received were comingled with the program income and posted to the School Lunch fund. There was no distinction made in the School Lunch fund between the prepaid accounts and the program income.

Context

This was a systemic issue during the 2015 school year. During the 2016 school year, the School Corporation set up a Prepaid Food fund in the School Corporation ledger to separately account for the students' prepaid accounts.

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 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

7 CFR 225.6(e) states in part:

"State-Sponsor Agreement. A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

(12) Maintain a financial management system as prescribed by the State agency; . . ."

Cause

Management had not developed a system of internal controls during the 2015 school year that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the Program Income 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 2016-007

Subject: Special Education_Grants to States - Procurement and Suspension and Debarment

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): 14215-043-PN01, 14216-043-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure the purchasing method used complied with 2 CFR 200.320.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation did not present evidence that an adequate number of quotes were obtained for small purchases with estimated costs above \$3,500. Several personal service contracts were entered into without evidence of price or rate quotations being obtained.

The Special Education Director and the Treasurer signed the Application and Assurance Plan as a condition of federal assistance, which stated that the School Corporation would check the subcontractors to ensure that vendors were not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any federal agency or by any department, agency or political subdivision of the State of Indiana. However, the School Corporation did not ensure 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 covered transaction with them.

Context

Documentation was not presented that would indicate that an adequate number of price or rate quotations were requested for personal service contracts prior to entering into contracts under grant 14216-043-PN01.

There were four contracts during the audit period that exceeded \$25,000; however, the School Corporation did not perform a verification to ensure that the vendors were not suspended or debarred prior to awarding these contracts for covered transactions.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . ."

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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

Cause

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

Effect

The failure to establish an effective internal control system enabled the School Corporation to be in material noncompliance with the Procurement and Suspension and Debarment compliance requirement and the grant agreement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment 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 2016-008

Subject: Title I Grants to Local Educational Agencies - Reporting
and 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): 14-2400, 15-2400
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting, Special Tests and Provisions - Comparability
Audit Finding: Material Weakness

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-004.

Condition

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

Reporting

The Title I Director prepared the Annual Expenditure Report. No evidence was presented to indicate a control was in place such as an oversight, review, or approval process to ensure the Annual Expenditure Report was accurate and complete.

Special Test and Provisions - Comparability

The Title I Director prepared the Title I Comparability report. No evidence was presented to indicate a control was in place such as an oversight, review, or approval process to ensure the Title I Comparability report was accurate and complete.

Context

The lack of controls pertaining to Reporting and Special Tests and Provisions - Comparability were systemic issues, which occurred throughout the 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

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

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreements 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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreements 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.

FINDING 2016-009

Subject: Career and Technical Education -- Basic Grants to States - Procurement
Federal Agency: Department of Education
Federal Program: Career and Technical Education -- Basic Grants to States
CFDA Number: 84.048
Federal Award Number and Year (or Other Identifying Number): 15-4700-2400
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

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 Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure the purchasing method used complied with 2 CFR 200.320.

The School Corporation did not present evidence that an adequate number of quotes were obtained for small purchases with estimated costs between \$3,500 and \$25,000. The School Corporation's Purchasing policy allowed the purchasing agent to make open market purchases of no more than \$25,000 for a single item or a group of similar items.

Context

This was a systemic problem throughout the audit period.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

Cause

The School Corporation's management had not established controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material 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 related to the grant agreement and comply with the Procurement and Suspension and Debarment compliance requirement.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
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 2016-010

Subject: Improving Teacher Quality State Grants - Period of Performance

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): 14-2400, 15-2400

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreements and the Period of Performance compliance requirement.

The School Corporation did not comply with the Period of Performance compliance requirement that all obligations for expenditures made from program funds were incurred and expended within the period of performance. The obligation and/or payment of the claims did not occur within the period of performance for transactions charged and recorded in the computerized accounting system.

The grant agreements included the following statement, "By federal regulation the project period start date can begin no earlier than the date the application was submitted. Therefore, upon grant approval, funds may be reimbursed back to the date this application is received by IDOE."

For Federal Award Number 14-2400 the following were noted:

1. Payroll related expenses for the pay period ending September 12, 2014, were charged to the project when the project start date was not until September 22, 2014. This resulted in \$13,278 being charged to the project prior to the period of performance.
2. Payroll related expenses for the pay period ending September 26, 2014, were charged to the program when a portion of the costs charged included amounts incurred prior to the September 22, 2014 project start date. This resulted in \$8,536 being charged to the project prior to the period of performance.

The above items resulted in a total of \$21,814 being charged to the project prior to the period of performance.

For Federal Award Number 15-2400 the following were noted:

1. Payroll related expenses for the pay period ending September 11, 2015, were charged to the project when the project start date was not until September 28, 2015. This resulted in \$14,128 being charged to the project prior to the period of performance.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2. Payroll related expenses for the pay period ending September 25, 2015, were charged to the project when the project start date was not until September 28, 2015. This resulted in \$12,774 being charged to the project prior to the period of performance
3. Payroll related expenses for the pay period ending October 9, 2015, were charged to the program when a portion of the costs charged included amounts incurred prior to the September 28, 2015 project start date. This resulted in \$1,716 being charged to the project prior to the period of performance.

The above items resulted in a total of \$28,618 cost charged to the program prior to the period of performance.

The underlying obligations for \$50,432 of disbursements tested did not occur within the period of performance for the audit period.

Context

The School Corporation's failure to comply with the Period of Performance compliance requirement was a systemic issue. Of the payments tested, 7 percent were not obligated within the period of performance.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 80.23 states:

"(a) *General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

(b) *Liquidation of obligations.* A grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). The Federal agency may extend this deadline at the request of the grantee."

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

The School Corporation's grant agreements included the following statement, "By federal regulation the project period start date can begin no earlier than the date the application was submitted. Therefore, upon grant approval, funds may be reimbursed back to the date this application is received by IDOE."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreements and the Period of Performance compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Known question costs of \$50,432 were identified in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Period of Performance 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 2016-011

Subject: Improving Teacher Quality State Grants - Activities Allowed
or Unallowed and Allowable Costs/Cost Principles

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): 13-2400, 14-2400, 15-2400

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation had not established an effective internal control system related to the grant agreements and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

1. Disbursements originally paid from non-grant funds were transferred to the Improving Teacher Quality State Grants funds and labeled "reposts" without adequate documentation or evidence of approval for Federal Award Number 14-2400.
 - a. A repost for a total of \$526 of expenses was transferred from high school certified salaries and related FICA and retirement from the General fund to the program grant fund 6840 and charged to the professional development budget line item. The amount of \$526 is considered question costs.
 - b. A repost for a total of \$5,169 of expenses was transferred from the curricular development expense line item of the General fund to the program grant fund 6840 and charged to the professional development budget line item. The amount of \$5,169 is considered question costs.

Allowable Costs/Cost Principles

1. The School Corporation did not maintain the necessary documentation required relating to time and effort to support salaries charged to the program. Personnel Activity Reports or other documentation of personnel expenses for employees who worked on multiple activities or cost objectives during the audit period were not completed or presented. Semi-Annual Certifications or other documentation of personnel expenses for employees whose salaries were paid 100 percent out of the grant funds were not completed or presented.
2. The School Corporation incorrectly calculated the indirect costs that could be charged to Federal Award Number 15-2400. The School Corporation requested and received \$8,854 from the Indiana Department of Education (IDOE) for indirect costs when it was only entitled to receive \$7,216. The School Corporation applied the wrong indirect cost rate to the expenditure base which resulted in the \$1,638 in excess indirect costs being requested and received. The amount of \$1,638 is considered question costs.

Context

1. Disbursements originally paid from non-grant funds that were transferred to the Improving Teacher Quality State Grants Fund and labeled "reposts" without adequate documentation or evidence of approval. The lack of controls and noncompliance was limited to the Federal Award Number 14-2400.
2. The lack of controls and the noncompliance pertaining to time and effort reporting were systemic issues, which occurred throughout the audit.
3. The incorrect indirect cost rate was charged during the audit period. The lack of controls and noncompliance were limited to the Federal Award Number 15-2400.

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. . . ."

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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. . . .

j. be adequately documented. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

OMB Circular A-87, Attachment B, section 8h 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 semiannually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

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

(a) More than one Federal award,

(b) A Federal award and a non-Federal award,

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (iv) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not developed an effective internal control system that would have ensured compliance with the Activities Allowed Unallowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

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

Questioned Costs

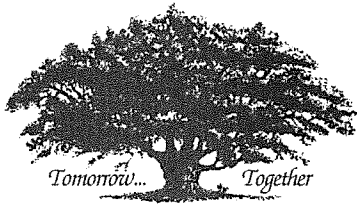
Known questioned costs of \$7,333 were identified, as noted in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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

Bradley J. Snyder
Superintendent

FINDING 2016-001

BOARD OF SCHOOL TRUSTEES

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Elizabeth Galligan
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Member
K. Lee Cotner
Member
Rebecca Gardenour
Member

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

Description of Corrective Action Plan: The Corporation did not record Health Savings Account ("H.S.A.") withholdings correctly in the ledger. When the method of dispersing the money was changed to direct deposit, the Corporation did not apply the correct accounting procedure. The Corporation Deputy Treasurer has correctly implemented an accounting procedure that ensures the direct deposit transaction is correctly reflected on the Corporation ledger similar to how other withholdings are recorded.

Anticipated Completion Date: Effective immediately.

Chris Street

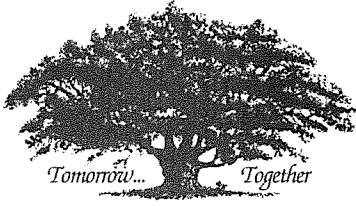
(Signature)

Chief Business Officer

(Title)

5-23-18

(Date)



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CORRECTIVE ACTION PLAN

Bradley J. Snyder
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FINDING 2016-002

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- Lee Ann Wiseheart
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- Jan Anderson
Member
- Donna Corbett
Member
- K. Lee Cotner
Member
- Rebecca Gardenour
Member

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

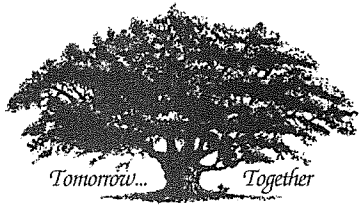
Description of Corrective Action Plan: Time and effort reports were not maintained for the 2014-2015 audit period. For years 2015-2016 and beyond, time clock reports will be used to meet the standard for internal controls related to the time and effort requirement.

Anticipated Completion Date: Effective Immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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CORRECTIVE ACTION PLAN

Bradley J. Snyder
Superintendent

FINDING 2016-003

BOARD OF SCHOOL TRUSTEES

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Member
K. Lee Cotner
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Rebecca Gardenour
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Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2128

Views of Responsible Official: The Corporation concurs with the finding.

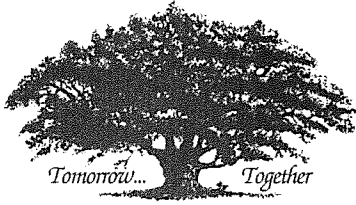
Description of Corrective Action Plan: The Corporation did not have an effective internal control in place to indicate that someone other than the preparer of the Annual Financial Reports and the Verification Summary Reports was reviewing these reports for accuracy prior to submission. Moving forward, the Corporation will establish a documentation trail to ensure that each report has a dual signature and that there is a clear separation of duties and review.

Anticipated Completion Date: Effective Immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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Member
- Rebecca Gardenour
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FINDING 2016-004

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

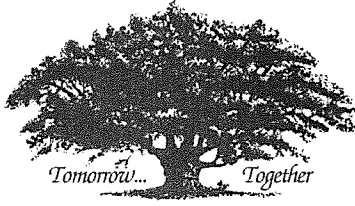
Description of Corrective Action Plan: The Corporation did not have the proper internal control in place to document the calculation of the monthly analysis of the cash balance of the School Lunch Fund was performed. The Food Service Director maintained compliance of the standard, but did not document the calculation. Moving forward, the Food Service Director will maintain documentation of the analysis.

Anticipated Completion Date: Effective Immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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- Rebecca Gardenour
Member

FINDING 2016-005

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding, although the procurement threshold had not been communicated to the Corporation.

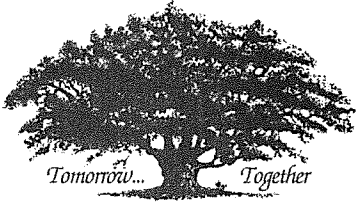
Description of Corrective Action Plan: The Corporation did not obtain an adequate number of quotes for small purchases with an estimated cost between \$3,500 and \$25,000. The Corporation purchasing policy allows the purchasing agent to make open market purchases of no more than \$25,000 for a single item or a group of similar items. The Corporation had not adapted the policy to reflect the federal guideline of \$3,500 and above. To establish and maintain control over procurement compliance, the Corporation is updating the procurement policy to reflect the new threshold for federal award programs. The Corporation is directing purchasers to obtain three quotes for purchases between \$3,500 and \$150,000 and that the documentation be maintained with the grant program file. Two signatures will be required when making a purchase to ensure effective internal control over the procurement program.

Anticipated Completion Date: Effective Immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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FINDING 2016-006

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

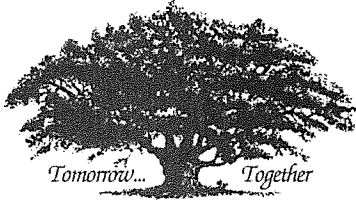
Description of Corrective Action Plan: The Corporation developed an 8400 prepaid account, but the implementation of the account was not executed in the proper manner. Moving forward, money deposited into student accounts at the building level will be remitted to the Corporation 8400 prepaid account on a monthly basis. The amount charged to the prepaid accounts will then be remitted to the 800 school lunch fund from the 8400 prepaid account once per month. The 800 school lunch fund will have three lines for revenue: breakfast, student lunch, and adult lunch.

Anticipated Completion Date: Effective Immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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CORRECTIVE ACTION PLAN

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- Rebecca Gardenour
Member

FINDING 2016-007

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding, although the procurement threshold had not been communicated to the Corporation.

Description of Corrective Action Plan: The Corporation did not obtain an adequate number of quotes for small purchases with an estimated cost between \$3,500 and \$25,000. The Corporation purchasing policy allows the purchasing agent to make open market purchases of no more than \$25,000 for a single item or a group of similar items. The Corporation had not adapted the policy to reflect the federal guideline of \$3,500. The Corporation did not consider personal service contracts a requirement for getting three quotes, so there were some contracts that did not have the proper documentation to meet the requirement. To establish and maintain control over procurement compliance, the Corporation is updating the procurement policy to reflect the new threshold for federal award programs. The school corporation is directing purchasers to obtain three quotes for purchases between \$3,500 and \$150,000 and that the documentation be maintained with the grant program file. Two signatures will be required when making a purchase to ensure effective internal control over the procurement program.

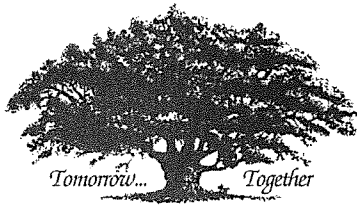
The Corporation did not verify if subcontractors were suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a covered transaction with them. Moving forward, the Corporation will check SAMS.gov for contracts over \$25,000 to ensure compliance.

Anticipated Completion Date: Effective Immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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CORRECTIVE ACTION PLAN

Bradley J. Snyder
Superintendent

FINDING 2016-008

**BOARD OF SCHOOL
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- Donna Corbett
Member
- K. Lee Cotner
Member
- Rebecca Gardenour
Member

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

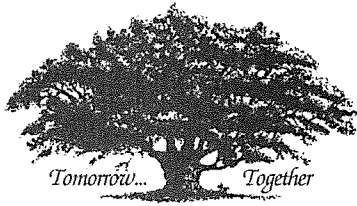
Description of Corrective Action Plan: The Corporation did not have the proper internal control in place to ensure oversight, review, or approval of the Title I Comparability Report or the annual expenditure report. Moving forward, these reports will be reviewed with a secondary signature.

Anticipated Completion Date: Effective immediately.

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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CORRECTIVE ACTION PLAN

Bradley J. Snyder
Superintendent

FINDING 2016-009

BOARD OF SCHOOL TRUSTEES

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Member
Donna Corbett
Member
K. Lee Cotner
Member
Rebecca Gardenour
Member

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding, although the procurement threshold had not been communicated to the Corporation.

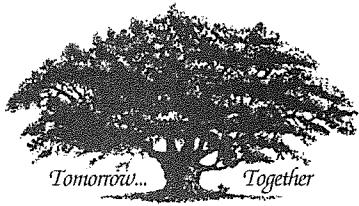
Description of Corrective Action Plan: The Corporation did not obtain an adequate number of quotes for small purchases with an estimated cost between \$3,500 and \$25,000. The Corporation purchasing policy allows the purchasing agent to make open market purchases of no more than \$25,000 for a single item or a group of similar items. The Corporation had not adapted the policy to reflect the federal guideline of \$3,500. To establish and maintain control over procurement compliance, the Corporation is updating the procurement policy to reflect the new threshold for federal award programs. The Corporation is directing purchasers to obtain three quotes for purchases between \$3,500 and \$150,000 and that the documentation be maintained with the grant program file. Two signatures will be required when making a purchase to ensure effective internal control over the procurement program.

Anticipated Completion Date: Effective Immediately.

Ch Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



NEW ALBANY FLOYD COUNTY SCHOOLS

Administrative Services Center
2813 Grant Line Road
P.O. Box 1087
New Albany, IN 47151-1087
(812) 949-4200
Fax (812) 542-4743
www.nafcs.org

CORRECTIVE ACTION PLAN

Bradley J. Snyder
Superintendent

BOARD OF SCHOOL TRUSTEES

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Elizabeth Galligan
Vice President
Lee Ann Wiseheart
Secretary
Jan Anderson
Member
Donna Corbett
Member
K. Lee Cotner
Member
Rebecca Gardenour
Member

FINDING 2016-010

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

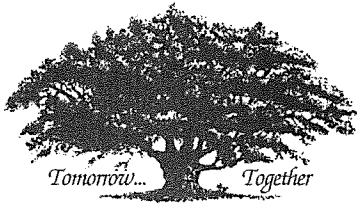
Description of Corrective Action Plan: The Corporation posted payroll expenses before the start date of the grant. The Corporation is implementing internal control procedures across the district to ensure compliance with grants. To ensure that the Corporation is compliant with grant requirements, an individual in the district will be responsible for coordinating and monitoring a grant. The work of the individual will be reviewed by a member of senior management and the work will be signed by two people knowledgeable of the grant. Before expenditures are posted to a grant, payroll personnel will coordinate with the Deputy Treasurer to ensure compliance.

Anticipated Completion Date: Effective Immediately

Chris Street
(Signature)

Chief Business Officer
(Title)

5-23-18
(Date)



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FINDING 2016-011

Contact Person Responsible for Corrective Action: Chris Street, Corporation
Treasurer
Contact Phone Number: 812-542-2129

Views of Responsible Official: The Corporation concurs with the finding.

Description of Corrective Action Plan: The Corporation did not establish an effective internal control system to ensure proper support for two expenditures. Moving forward, any repost of expenditures to and from a federal grant must have proper documentation with dual signatures. The Corporation did not maintain documentation related to time and effort to support salaries charged to the program. Moving forward, personal activity reports or semi-annual certifications will be documented. The Corporation incorrectly calculated the indirect cost rate. Moving forward, a copy of the current indirect cost rate sheet from the Department of Education will be filed with the grant, as well as a manual calculation recorded.

Anticipated Completion Date: Effective Immediately.

(Signature)

(Title)

(Date)

NEW ALBANY-FLOYD COUNTY CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2018, with Dr. Bradley J. Snyder, Superintendent of Schools; Chris Street, Treasurer; and Jenny Higbie, President of the School Board.