

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BEECH GROVE CITY SCHOOLS

MARION COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
09/28/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cathy Statzer	07-01-14 to 06-30-19
Superintendent of Schools	Paul A. Kaiser, Ph.D.	07-01-14 to 06-30-19
President of the School Board	Jannis King Beth Prindle Christa Smiley	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-18



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TO: THE OFFICIALS OF THE BEECH GROVE CITY SCHOOLS, MARION COUNTY, INDIANA

This report is supplemental to our audit report of the Beech Grove City Schools (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/](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

September 6, 2018

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS

***FINDING 2016-001***

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-002.

*Condition*

The School Corporation did not have a proper 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 had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

*Context*

The SEFA presented for audit contained the following errors:

1. The Title I Grants to Local Educational Agencies program was overstated for fiscal year 2015 and fiscal year 2016 by \$14,222 and \$6,401, respectively.
2. The Child Nutrition Cluster was omitted, resulting in an understatement for fiscal year 2015 and fiscal year 2016 of \$1,265,208 and \$1,358,783, respectively.
3. The Child and Adult Care Food Program was omitted, resulting in an understatement for fiscal year 2015 and fiscal year 2016 of \$52,228 and \$51,256, respectively.
4. The Special Education Cluster (IDEA) was omitted, resulting in an understatement for fiscal year 2015 and fiscal year 2016 of \$552,571 and \$579,959, respectively.
5. The Disaster Grants - Public Assistance (Presidentially Declared Disasters) program was omitted, resulting in an understatement for fiscal year 2015 of \$8,114.
6. Multiple nonfederal grants were included, resulting in an overstatement for fiscal year 2015 and fiscal year 2016 of \$238,155 and \$173,205, respectively.
7. All program titles were incorrect.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*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. . . ."

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 § \_\_.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.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

- (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."

*Cause*

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

*Effect*

Without a proper system of internal control in place that operated effectively, misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the preparation of 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 2016-002***

Subject: School Breakfast Program, National School Lunch Program - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

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): FY15, FY16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*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 Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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

One employee was primarily responsible for verifying free and reduced price applications. An oversight, review process, or other compensating control had not been established to ensure the proper number of applications were verified for accuracy.

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

One employee was primarily responsible for performing the paid lunch equity calculations. An oversight, review process, or other compensating control had not been established to ensure that the paid lunch equity calculations were correct.

*Context*

The lack of controls was a systemic issue, which occurred 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 that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2016-003**

Subject: School Breakfast Program, 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): FY15, FY16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

The month-end balance of the School Corporation's School Lunch fund exceeded 3 months average expenditures for 16 months during the audit period.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred 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. . . ."

BEECH GROVE CITY SCHOOLS  
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). . . ."

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance 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 to ensure compliance with 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.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-004***

Subject: School Breakfast Program, National School Lunch Program - 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): FY15, FY16  
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 established a single fund, the School Lunch fund, to record all activity of the food service programs. All receipts from sales, as well as prepayments to student accounts, were recorded directly in the School Lunch fund. Prepayments were not recorded in a separate prepaid fund.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

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."

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

- (12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

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 his 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)

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance 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 to ensure compliance with 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.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-005***

Subject: Child Nutrition Cluster - Equipment and Real Property Management  
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): FY15, FY16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Modified Opinion

*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 Equipment and Real Property Management compliance requirement.

Equipment records were not maintained during the audit period, and an inventory of equipment purchased had not been performed within the last two years.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

2 CFR 200.313(d) states in part:

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

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Equipment and Real Property Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Equipment and Real Property Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Equipment and Real Property 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 2016-006**

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Education

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): FY15, FY16

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 in order to ensure compliance with the grant agreement and the Reporting compliance requirement.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

One employee was responsible for completing and submitting all required reports, including the Monthly Sponsor Claims, Annual Financial Reports, and Verification Summary Reports. There was no oversight, review, or approval by anyone else at the School Corporation to ensure the accuracy of the reports.

The 2014-2015 and 2015-2016 Annual Financial Reports did not agree with the School Corporation's financial records, and portions of the report were not complete.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

2 CFR 200.302(a) states:

"Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

*Cause*

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

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation in noncompliance with the grant agreement and the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

**FINDING 2016-007**

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 Numbers and Years (or Other Identifying Numbers): FY15, FY16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*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 Allowable Costs/Cost Principles compliance requirement.

During the 2014-2015 school year, indirect costs were being calculated and charged incorrectly to the nonprofit foodservice account, resulting in \$55,299 in excess of what is allowable according to federal guidelines.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

BEECH GROVE CITY SCHOOLS  
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). . . ."

OMB Circular A-87, Attachment E, C. Allocation of Indirect Costs and Determination of Indirect Cost Rates states in part:

"1. General.

(a) Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate accomplished through simplified allocation procedures as described in subsection 2. . . .

2. Simplified method. . . .

(b) Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. . . ."

2 CFR 200.414(d) costs states: "Pass-through entities are subject to the requirements in § 200.331 Requirements for pass-through entities, paragraph (a)(4)."

2 CFR 200.331 states in part:

"All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes: . . .

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs). . . .

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (f); . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

Questioned costs of \$55,299 were identified, as described in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and 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 2016-008**

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 Numbers and Years (or Other Identifying Numbers): FY15, FY16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*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 requirements.

During the audit period, the School Corporation relied on their food service management company to procure contracts for the renovation of the high school cafeteria. The total cost of the project was \$586,876. The School Corporation contracted with their food service management company, who selected a contractor from their approved vendor list. There was no evidence that the School Corporation or the food service management company followed proper bidding procedures per Indiana Code 36-1-12-4.

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(Continued)

*Context*

The lack of controls and noncompliance were isolated to the high school renovation project, which occurred during both years 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. . . ."

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 3016.36(b) states in part:

"*Procurement standards.*

(1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

Indiana Code 36-1-12-4 states:

"(a) This section applies whenever the cost of a public work project will be:

(1) except as provided in subdivision (2), at least one hundred fifty thousand dollars (\$150,000); or

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FEDERAL FINDINGS  
(Continued)

- (2) in the case of a board of aviation commissioners or an airport authority board, at least one hundred thousand dollars (\$100,000).
- (b) The board must comply with the following procedure:
- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. If the project involves the resurfacing (as defined by IC 8-14-2-1) of a road, street, or bridge, the specifications must show how the weight or volume of the materials will be accurately measured and verified.
  - (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).
  - (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed.
  - (4) The notice must specify the place where the plans and specifications are on file and the date fixed for receiving bids.
  - (5) The period of time between the date of the first publication and the date of receiving bids shall be governed by the size of the contemplated project in the discretion of the board. The period of time between the date of the first publication and receiving bids may not be more than:
    - (A) six (6) weeks if the estimated cost of the public works project is less than twenty-five million dollars(\$25,000,000); and
    - (B) ten (10) weeks if the estimated cost of the public works project is at least twenty-five million dollars (\$25,000,000).
  - (6) The board shall require the bidder to submit a financial statement, a statement of experience, a proposed plan or plans for performing the public work, and the equipment that the bidder has available for the performance of the public work. The statement shall be submitted on forms prescribed by the state board of accounts.
  - (7) The board may not require a bidder to submit a bid before the meeting at which bids are to be received. The meeting for receiving bids must be open to the public. All bids received shall be opened publicly and read aloud at the time and place designated and not before. Notwithstanding any other law, bids may be opened after the time designated if both of the following apply:
    - (A) The board makes a written determination that it is in the best interest of the board to delay the opening.
    - (B) The day, time, and place of the rescheduled opening are announced at the day, time, and place of the originally scheduled opening.

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(Continued)

- (8) Except as provided in subsection (c), the board shall:
  - (A) award the contract for public work or improvements to the lowest responsible and responsive bidder; or
  - (B) reject all bids submitted.
- (9) If the board awards the contract to a bidder other than the lowest bidder, the board must state in the minutes or memoranda, at the time the award is made, the factors used to determine which bidder is the lowest responsible and responsive bidder and to justify the award. The board shall keep a copy of the minutes or memoranda available for public inspection.
- (10) In determining whether a bidder is responsive, the board may consider the following factors:
  - (A) Whether the bidder has submitted a bid or quote that conforms in all material respects to the specifications.
  - (B) Whether the bidder has submitted a bid that complies specifically with the invitation to bid and the instructions to bidders.
  - (C) Whether the bidder has complied with all applicable statutes, ordinances, resolutions, or rules pertaining to the award of a public contract.
- (11) In determining whether a bidder is a responsible bidder, the board may consider the following factors:
  - (A) The ability and capacity of the bidder to perform the work.
  - (B) The integrity, character, and reputation of the bidder.
  - (C) The competence and experience of the bidder.
- (12) The board shall require the bidder to submit an affidavit:
  - (A) that the bidder has not entered into a combination or agreement:
    - (i) relative to the price to be bid by a person;
    - (ii) to prevent a person from bidding; or
    - (iii) to induce a person to refrain from bidding; and
  - (B) that the bidder's bid is made without reference to any other bid.
- (c) Notwithstanding subsection (b)(8), a county may award sand, gravel, asphalt paving materials, or crushed stone contracts to more than one (1) responsible and responsive bidder if the specifications allow for bids to be based upon service to specific geographic areas and the contracts are awarded by geographic area. The geographic areas do not need to be described in the specifications."

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(Continued)

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 micropurchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micropurchases 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.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

*Cause*

Management 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 placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management 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.

BEECH GROVE CITY SCHOOLS  
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(Continued)

***FINDING 2016-009***

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Education Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5380, 15-5380, 16-5380  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
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 Allowable Costs/Cost Principles compliance requirement.

The elementary school principals completed the Semi-Annual Certifications; however, there was no oversight or review performed by another individual. There were 13 instances identified during the audit period in which an employee did not have a Semi-Annual Certification as required.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

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(Continued)

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."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states:

- **TAS Programs:**

"Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. Employees who work on multiple activities must maintain a time and effort log at least once a month."

- **School wide programs:**

"If a school-wide program consolidates funds in a single account, an employee paid with funds from the single account is not required to file a semi-annual certification. If a school-wide program does not consolidate funds, employees working solely on a single Federal program must complete semi-annual certifications.

If a school-wide program does not consolidate funds, employees working on multiple programs must maintain a time and effort log at least once a month."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and 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.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-010***

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Education Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-5380, 15-5380, 16-5380  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-003.

*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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Supporting documentation was not maintained for all students who were removed from their graduation cohort. Supporting documentation was not maintained for 4 out of 40 students selected for testing.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

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(Continued)

34 CFR 200.19(b)(ii)(B) states in part:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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: Title I Grants to Local Educational Agencies - Special  
Tests and Provisions - Schoolwide Programs

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): 14-5380, 15-5380, 16-5380

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Schoolwide Programs

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-003.

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(Continued)

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

There was no documentation of an oversight, review, or approval process to ensure the Schoolwide Plans were in compliance with program requirements.

*Context*

The lack of controls was a systemic issue, which occurred 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 that would have ensured compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

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(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs 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 2016-012**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Assessment System Security  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Number and Year (or Other Identifying Number): 16-5380  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Assessment System Security  
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 Special Tests and Provisions - Assessment System Security compliance requirement.

The School Corporation established guidelines for Special Tests and Provisions - Assessment System Security. However, one out of four buildings did not retain the "Indiana Testing Security and Integrity Agreement" forms to provide for audit.

*Context*

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

*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). . . ."

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(Continued)

The administrative regulation 511 IAC 5-5-5 states in part: ". . . (b) Any individual who administers, handles, or has access to secure test materials at the school or school corporation shall complete assessment training and sign a testing security and integrity agreement to remain on file in the appropriate building-level office each year."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Assessment System Security compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security 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 2016-013**

Subject: Twenty-First Century Community Learning Centers - Special Tests  
and Provisions - Participation of Private School Children

Federal Agency: Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Numbers and Years (or Other Identifying Numbers): A58-0-10DL-087, A58-5-15DL-0145,  
A25-6-16DL-0203

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-006.

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(Continued)

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

The School Corporation did not provide evidence to support whether they conducted consultations with all private school officials to determine the educational services to be provided to eligible private school children.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of documentation prevented the determination of the School Corporation's compliance with the Special Tests and Provisions - Participation of Private School Children compliance requirement.

*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 76.652 states:

"(a) An applicant for a subgrant shall consult with appropriate representatives of students enrolled in private schools during all phases of the development and design of the project covered by the application, including consideration of:

- (1) Which children will receive benefits under the project;
- (2) How the children's needs will be identified;
- (3) What benefits will be provided;
- (4) How the benefits will be provided; and

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(Continued)

(5) How the project will be evaluated.

(b) A subgrantee shall consult with appropriate representatives of students enrolled in private schools before the subgrantee makes any decision that affects the opportunities of those students to participate in the project.

(c) The applicant or subgrantee shall give the appropriate representatives a genuine opportunity to express their views regarding each matter subject to the consultation requirements in this section."

34 CFR 74.53(b) states in part:

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

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Special Tests and Provisions - Participation of Private School Children compliance requirement was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Special Tests and Provisions - Participation of Private School Children compliance requirement will be maintained.

*Views of Responsible Officials*

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

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-014***

Subject: Twenty-First Century Community Learning Centers -  
Special Tests and Provisions - Schoolwide Programs  
Federal Agency: Department of Education  
Federal Program: Twenty-First Century Community Learning Centers  
CFDA Number: 84.287  
Federal Award Numbers and Years (or Other Identifying Numbers): A58-0-10DL-087, A58-5-15DL-0145,  
A25-6-16DL-0203  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Schoolwide Programs  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-006.

*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 Special Tests and Provisions - Schoolwide Programs compliance requirement.

There was no documentation of an oversight, review, or approval process to ensure Schoolwide Plans were in compliance with program requirements.

*Context*

The lack of controls was a systemic issue, which occurred 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). . . ."

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(Continued)

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Special Tests and Provisions - Schoolwide Programs 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 2016-015**

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

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): 14213-053-PN01, 14214-053-PN01,  
14215-053-PN01, 14216-053-PN01,  
45714-053-PN01, 45715-053-PN01,  
45716-053-PN01, 99914-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-009.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Level of Effort - Maintenance of Effort (MOE) requirements of the Matching, Level of Effort, Earmarking compliance requirement.

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FEDERAL FINDINGS  
(Continued)

The School Corporation was required to calculate MOE through two calculations prescribed by the Indiana Department of Education. The School Corporation did not provide adequate supporting documentation to verify how it met MOE requirements. The financial information used in the MOE calculation for the fiscal year 2016 application was incorrect. The financial information used in the MOE calculation for the fiscal year 2015 application could not be traced to supporting documentation. The December 1, 2013 and 2014 child counts used for the MOE calculations did not agree with the School Corporation's records.

*Context*

The lack of internal controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement.

*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 74.53(b) states in part:

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

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

34 CFR 300.203(b) states in part:

*"Standard.*

- (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:
  - (i) Local funds only.
  - (ii) The combination of State and local funds.
- (2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the MOE requirements of the Matching, Level of Effort, Earmarking compliance requirement will be maintained and available for audit.

*Views of Responsible Officials*

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

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-016***

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): 14213-053-PN01, 14214-053-PN01,  
14215-053-PN01, 14216-053-PN01,  
45714-053-PN01, 45715-053-PN01,  
45716-053-PN01, 99914-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-008.

*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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not maintain Semi-Annual Certifications or other documentation of personnel expenses for employees paid from the program during the audit period.

*Context*

The lack of internal controls and noncompliance were systemic issues, which occurred 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). . . ."

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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."

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); . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*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.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-017***

Subject: Special Education Cluster (IDEA) - Cash Management and 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): 14213-053-PN01, 14214-053-PN01,  
14215-053-PN01, 14216-053-PN01,  
45714-053-PN01, 45715-053-PN01,  
45716-053-PN01, 99914-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-007.

*Condition*

The School Corporation was a member of the Southside Special Services of Marion County (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative spent federal funds on behalf of the member school corporations. The grant agreements for the federal programs were between the Indiana Department of Education and each member school corporation of the Cooperative. Therefore, each member school corporation was responsible for following the compliance requirements related to the Cash Management and Reporting compliance requirements.

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

Reimbursement requests were completed every two weeks by the Cooperative throughout the audit period. Detailed supporting documentation used to prepare the reimbursement requests was not maintained. As a result, it could not be determined whether the expenditures claimed were correct and for the period stated on the reimbursement requests.

The School Corporation was unable to provide 16 out of 20 Quarterly Monitoring Reports for Proportionate Shares for Non-Public Schools that were due during the audit period. Additionally, the School Corporation was unable to provide any of the Final Financial Reports that were due during the audit period.

The School Corporation also submitted reimbursement requests to the Cooperative during the audit period for expenses the School Corporation paid directly. The reimbursement requests were prepared by the School Corporation's Treasurer with no documentation of an oversight, review, or approval process in place.

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Cash Management and Reporting compliance requirements.

*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 80.21(d) states:

*"Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

34 CFR 80.20(b) states in part:

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

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

2 CFR 200.302(a) states in part:

"Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

the Federal award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (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 had not developed a system of internal controls that would have ensured that supporting documentation related to the Cash Management and Reporting compliance requirements was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Cash Management and Reporting compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Cash Management and Reporting compliance requirements will be maintained and available for audit.

*Views of Responsible Officials*

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

BEECH GROVE CITY SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-018***

Subject: Special Education Cluster (IDEA) - Period of Performance

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): 14213-053-PN01, 14214-053-PN01,  
14215-053-PN01, 14216-053-PN01,  
45714-053-PN01, 45715-053-PN01,  
45716-053-PN01, 99914-053-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-009.

*Condition*

The School Corporation was a member of the Southside Special Services of Marion County (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative spent federal funds on behalf of the member school corporations. The grant agreements for the federal programs were between the Indiana Department of Education and each member school corporation of the Cooperative. Therefore, each member school corporation was responsible for following the compliance requirements related to the Period of Performance compliance requirement.

An effective internal control system was not in place at the School Corporation in order to ensure that documentation was maintained to support the School Corporation's compliance with requirements related to the grant agreement and the Period of Performance compliance requirement.

Reimbursement requests were completed every two weeks by the Cooperative throughout the audit period. Detailed supporting documentation used to prepare the reimbursement requests was not maintained. As a result, it could not be determined whether the expenditures claimed were correct and for the period stated on the reimbursement requests.

The School Corporation also submitted reimbursement requests to the Cooperative during the audit period for expenses the School Corporation paid directly. The Treasurer of the School Corporation was responsible for monitoring that program costs were incurred within the period of performance, with no documentation of an oversight, review, or approval process.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of supporting documentation for the reimbursement requests was isolated to the 2015 school year.

BEECH GROVE CITY SCHOOLS  
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). . . ."

34 CFR 80.23(a) states:

"*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."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Period of Performance compliance requirement was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Period of Performance compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related the grant agreement and the Period of Performance compliance requirement will be maintained and available for audit.

*Views of Responsible Officials*

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

# *Beech Grove City Schools*

5334 Hornet Avenue  
Beech Grove, IN 46107-2306  
Phone (317) 788-4481  
Fax (317) 782-4065  
www.bgcs.k12.in.us



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## CORRECTIVE ACTION PLAN

### **FINDING 2016-001**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We will have the Federal Awards information entered into Gateway reviewed by Grant Direct, Treasurer and Asst Superintendent of Business before submission.

Anticipated Completion Date: August 1, 2018

### **FINDING 2016-002**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Since this time period we have had personnel changes and the Food Director will review all applications and testing prior to submission. With a copy of the approval being sent to the Treasurer's office.

Anticipated Completion Date: August 1, 2018

### **FINDING 2016-003**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We were unaware of that ruling and will monitor that balance monthly with reports to Asst Superintendent of Business.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have established a single fund for the Prepaid Lunch payments Fund 8400 and will apply all payments there with transactions made to pay for purchases as made each semester.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

An Equipment Inventory will be conducted at each building and maintained at the Administration/Treasurer office.

Anticipated Completion Date: January 31, 2019

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Since this time period we have had personnel changes and the Food Director will review all applications and testing prior to submission with a copy of the approval being sent to the Treasurer's office. The Annual Financial Report will be completed by the Treasurer with approvals by Asst Superintendent of Business and Food Director.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-007**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have stopped calculating and using the indirect cost with Food Service.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-008**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

In the future we will require and Cafeteria construction to provide no less than three bids and Beech Grove Administration will select the vendor.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-009**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We will have the Semi-Annual Certifications approved by the Building Principal and the Grant Director.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-010**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have had a change in personnel and will train them on the correct supporting documentation needed for withdrawn students. We will reevaluate our processes to include additional reviews by Counselors or Administration.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-011**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Schoolwide Programs will be updated and revised each year by each schools Diverse Title team and then approved by the School Principal, Grant Director, Asst Superintendent of Curriculum and DOE.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-012**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Asst Superintendent of Curriculum has now required the Principals to send the "Indiana Testing Security and Integrity Agreements" to him after completion for record keeping.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-013**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have made arrangements to meet with private school officials to make sure this is completed each year.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-014**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

The Schoolwide Programs will be updated and revised each year by each schools Diverse Title team and then approved by the School Principal, Grant Director, Asst Superintendent of Curriculum and DOE.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-015**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have created a better system to prove our calculations for the MOE requirements as well and Grant Applications.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-016**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We have set up reminders and schedules for semi-annual certifications to be completed by the Grand Director.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-017**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

During this time period the Cooperative went through several personnel changes and reports and communication was not sent consistently. We have implemented that prior to claims being submitted they will be approved by the Director of Quality Learners and Asst Superintendent of Business.

Anticipated Completion Date: August 1, 2018

**FINDING 2016-018**

Contact Person Responsible for Corrective Action: Cathy Statzer, Treasurer  
Contact Phone Number: 317-788-4481

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

We will require an email receipt process to show the timeline of monies claimed and received. Also we will request a monthly balance statement for the grant from the Cooperative.

Anticipated Completion Date: August 1, 2018

  
Signature

Treasurer  
Title

September 6, 2018  
Date

BEECH GROVE CITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2018, with Cathy Statzer, Treasurer; Paul A. Kaiser, Ph.D., Superintendent of Schools; Christa Smiley, President of the School Board; and Dr. Thomas A. Keeley, Assistant Superintendent of Schools.