

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

BARTHOLOMEW CONSOLIDATED
SCHOOL CORPORATION
BARTHOLOMEW COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
10/22/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vaughn Sylva	07-01-14 to 06-30-17
	Chad Phillips	07-01-17 to 06-30-19
Superintendent of Schools	Dr. John B. Quick	07-01-14 to 06-30-16
	Dr. Jim Roberts	07-01-16 to 06-30-19
President of the School Board	Jeff Caldwell	01-01-14 to 12-31-14
	Robert Abrams	01-01-15 to 12-31-15
	Dr. Jill Shedd	01-01-16 to 12-31-16
	Rich Stenner	01-01-17 to 12-31-17
	Jeff Caldwell	01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION, BARTHOLOMEW COUNTY, INDIANA

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

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

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

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

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

September 13, 2018

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2016-001

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

Repeat Finding

This is a repeat of Finding 2014-001 from the immediately prior audit report related to cash and investments.

Condition

There were the following deficiencies in the internal control system of the School Corporation related to financial transactions and reporting:

1. **Lack of Segregation of Duties:** The School Corporation had not separated incompatible activities related to cash and investments and payroll disbursements. The School Corporation did not provide evidence of a review or approval process to ensure that material misstatements would be prevented, or detected and corrected, in a timely manner.
2. **Monitoring of Controls:** The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the School Corporation to monitor and assess the quality of the system of internal control.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period.

Criteria

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

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

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

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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

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

Management remediates identified issues. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control over cash and investments and payroll disbursements.

Effect

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

Recommendation

We recommended that the School Corporation's management establish effective controls, including segregation of duties, to ensure the accuracy of cash and investments and payroll disbursements reported in the financial statement.

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: Preparation of the Schedule of Expenditures of Federal Awards

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2014-002 from the immediately prior audit report.

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 Treasurer/Assistant Superintendent of Finance prepared the SEFA; however, there were no controls in place to verify the accuracy of the information prior to submission.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
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. . . ."

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 controls in place that operated effectively, material misstatements of the SEFA could have remained undetected.

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 2016-003

Subject: Child Nutrition Cluster - Internal Controls

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): 2014-15, 2015-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
and Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the requirements listed above.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Adequate internal controls were not in place over the Activities Allowed or Unallowed and Allowable Costs/Cost Principles. Payroll disbursements were paid for each person from the program with no evidence of an independent oversight, review, or approval process to ensure the accuracy.

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

Adequate internal controls were not in place over the Special Tests and Provisions - Paid Lunch Equity compliance requirement. One employee had sole responsibility for preparation of the paid lunch equity calculation with no evidence of an independent oversight, review, or approval process to ensure the accuracy of the calculation performed.

Context

The lack of properly designed and implemented controls was a systemic problem, 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 to ensure compliance with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system could have enabled noncompliance with the compliance requirements listed above.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Child Nutrition Cluster - Cash 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): 2014-15, 2015-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Repeat

This is a repeat of Finding 2014-003 from the immediately prior audit report.

Condition

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

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no oversight or review of the calculations and monitoring of the School Lunch fund monthly cash balances (net cash resources).

Context

The lack of properly designed and implemented controls was a systemic problem, 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. . . ."

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system could have enabled noncompliance with the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-005

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2014-15, 2015-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation did not comply with Program Income requirements. All food service collections were posted directly to the School Lunch fund (800) with no segregation between what constituted program income and monies placed on student accounts. A School Lunch Clearing Account (8400) was not maintained by the School Corporation.

Context

The lack of properly designed and implemented controls was a systemic issue throughout the audit period. The School Corporation failed to properly record program income in the School Lunch fund 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."

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; . . ."

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

7 CFR 225.6(e) states in part:

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

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

Cause

The School Corporation had not designed or implemented an adequate financial management system to ensure compliance with the Program Income compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2016-006

Subject: Child Nutrition Cluster - Suspension and Debarment

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): 2014-15, 2015-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2014-004 from the immediately prior audit report.

Condition

The School Corporation had not established an effective internal control system to ensure compliance with suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation did not comply with the suspension and debarment requirements during the audit period. They did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of properly designed and implemented controls and the noncompliance were systemic issues 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 180.300 states:

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

You do this by:

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

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with the suspension and debarment requirements.

Effect

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish controls to ensure compliance with the suspension and debarment requirements.

Views of Responsible Officials

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

FINDING 2016-007

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 Educational Agencies

CFDA Number: 84.010

Federal Award Number and Years (or Other Identifying Numbers): 14-0365, 15-0365, 16-0365

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not established an effective internal control system to ensure that the mobility information was accurate and reviewed prior to the students being removed.

Context

This was a systemic issue 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. . . ."

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation had not developed a system of internal controls to ensure 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 could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Subject: Career and Technical Education - Basic Grants to States - Internal Controls

Federal Agency: Department of Education

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

CFDA Number: 84.048

Federal Award Numbers and Years (or Other Identifying Numbers): 14-4700-0365, 15-4700-0365,
16-4700-0365

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

Adequate internal controls were not in place over the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. Payroll disbursements were paid for each person from the program with no evidence of an independent oversight, review, or approval process to ensure the accuracy of the disbursements.

Context

The lack of properly designed and implemented controls was a systemic problem, 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 to ensure compliance with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system could have enabled noncompliance with the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2016-009

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

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-003-PN01, 45713-003-PN01,
14214-003-PN01, 45714-003-PN01,
14215-003-PN01, 45715-003-PN01,
14216-003-PN01, 45716-003-PN01,
99910-003-TA01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

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

Procurement

The School Corporation did not have controls in place to verify procurement procedures were followed.

Suspension and Debarment

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance related to the suspension and debarment requirements was also a systemic issue through 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. . . ."

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states in part:

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

You do this by:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the procurement requirements and enabled noncompliance with the grant agreement and the suspension and debarment requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201

CHAD PHILLIPS
ASSISTANT SUPERINTENDENT FOR
FINANCIAL SERVICES

PHONE: 812-376-4300
FAX: 812-376-4425

BOARD OF SCHOOL TRUSTEES
ROBERT ABRAMS
PAT BRYANT
JEFF CALDWELL
KATHY DAYHOFF-DWYER
JAMES PERSINGER
JILL SHEDD
RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Paula Betros

Contact Phone Number: 812-376-4222

Views of the Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Beginning in May 2018, the Deputy Treasurer reviews and initial bank reconciliation documents every month. The Accounts Receivable Specialist provides bank summaries and Skyward reports that demonstrate reconciliation of financial transactions. This allows us to find and fix errors in a timely manner, thus preventing misstatements and/or irregularities.

Development and monitoring of internal controls and communicating corrective actions to our staff is an ongoing process within the corporation. We continue to review and adjust our processes as necessary.

Anticipated Completion Date: May 1, 2018

Paula Betros

(Signature)

Deputy Treasurer

(Title)

9/12/18

(Date)



Deeper Learning Works

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201

CHAD PHILLIPS
ASSISTANT SUPERINTENDENT FOR
FINANCIAL SERVICES

PHONE: 812-376-4300
FAX: 812-376-4425

BOARD OF SCHOOL TRUSTEES
ROBERT ABRAMS
PAT BRYANT
JEFF CALDWELL
KATHY DAYHOFF-DWYER
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JILL SHEDD
RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Chad Phillips
Contact Phone Number: 812-376-4300

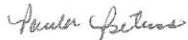
Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Beginning with the August 2018 SEFA, the following internal controls were implemented:

1. The Treasurer used the previous years' SEFA to generate a SEFA spreadsheet and completed the revenue and expenditures from the financial management system.
2. The Treasurer sent this draft of the spreadsheet to each grant monitor (Title, Sped, Food, CTE, and Adult/Alternative) to verify the information in the spreadsheet.
3. Once the information was updated and verified, the Treasurer shared the SEFA spreadsheet with the Deputy Treasurer. The Deputy Treasurer completed another verification of the information.
4. The Treasurer submitted the SEFA as part of the SBOA Annual report

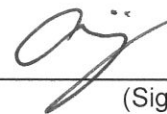
An image of the 2018 report signed by the Deputy Treasurer is below:



Bartholomew Consolidated School Corporation, Bartholomew County, Indiana
Grants 2017-2018

Local Project Name/ Description	Federal Program Title/Project Name	Federal Agency	Pass Through Agency	CFDA Number	Award Name	Award Number	Grant Type	Local Fund	Receipts	Disburse-me
School Breakfast	School Breakfast Program	U.S. DEPARTMENT OF AGRICULTURE	Indiana Department of Education	10.553	2017-18	2017-18	Reimbursement Grant	0800	\$775,083.28	\$775,083.28
School Lunch	National School Lunch Program	U.S. DEPARTMENT OF AGRICULTURE	Indiana Department of Education	10.555	2017-18	2017-18	Reimbursement Grant	0800	\$2,395,848.20	\$2,395,848.20
Summer Program	Summer Food Service Program for	U.S. DEPARTMENT OF	Indiana Department of Education	10.559	2017-18	2017-18	Reimbursement Grant	0800	\$94,489.74	\$94,489.74

Anticipated Completion Date: Completed July 1, 2018



(Signature)

Asst. Supt./Treasurer
(Title)

09-10-2018

(Date)



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JILL SHEDD
RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Chad Phillips
Contact Phone Number: 812-376-4300

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Payroll disbursements are approved in detail showing the gross pay for each person paid from the program for each payroll beginning July 1, 2018. Internal controls have been followed so that it is signed by a payroll clerk and by either the Deputy Treasurer or the Treasurer for verification. This has been communicated to the payroll clerks, Deputy Treasurer, and Executive Assistant to the Superintendent who prepares the board docket for approval. The payroll clerks will prepare the report, the Deputy Treasurer will verify the report and submit it for the Board packet. A sample report is attached to this document.

A link to a Board Meeting agenda that includes payroll approval is included here:
<http://www.bcsc.k12.in.us/cms/lib/IN01000842/Centricity/Domain/45/Agenda%208.13.18.pdf>

A link to Board Meeting minutes that reflect approval of payroll is included here:
http://www.bcsc.k12.in.us/cms/lib/IN01000842/Centricity/Domain/45/Min.%208.13.18%20final_rev.pdf

A sample page of the payroll report provided to the board for approval is on the following page:



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BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201

CHAD PHILLIPS
ASSISTANT SUPERINTENDENT FOR
FINANCIAL SERVICES

PHONE: 812-376-4300
FAX: 812-376-4425

BOARD OF SCHOOL TRUSTEES
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KATHY DAYHOFF-DWYER
JAMES PERSINGER
JILL SHEDD
RICH STENNER

4parpt13.p		BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION		9:02 AM 09/04/18	
05.18.06.00.00-11.7-010041		ACCOUNT DISTRIBUTION REPORT - DETAIL HISTORY - SUMMARY		PAGE: 7	
GF Labor Distribution by Employee					
Check Dates from 08/18/2018 through 09/04/2018					
NAME KEY	EMPLOYEE NAME	ACCOUNT NUMBER	CODE	OBJECT	AMOUNT
BARNEWYN000	WYN BARNETTE	0100 E 2162000 1200 012 000	CON	CONTRACT PAY	4,226.92
Employee Total:					4,226.92
BARRICHR000	CHRISTINE L BARRICK	0100 E 1610000 1280 008 000	HRLY	HOURLY PAY	211.56
Employee Total:					211.56
BARRIGIN000	GINA BARRICK	0100 E 1610000 1280 021 000	HRLY	HOURLY PAY	147.60
Employee Total:					147.60
BARTOKRI000	KRISTA L BARTOSZ	5259 E 1241000 1120 023 999	CON	CONTRACT PAY	1,612.96
Employee Total:					1,612.96
BARNIJUS000	JUSTIN L BARNICK	0100 E 2620000 1270 003 000	HRLY	HOURLY PAY	1,195.20
		0100 E 2620000 1410 003 000	OT	OVERTIME	123.26
Employee Total:					1,318.46
BASTIDERA000	DEANNA J BASTIAN	0100 E 1105000 1280 011 000	HRLY	HOURLY PAY	598.52
Employee Total:					598.52
BATESRIT000	RITA ANN BATES	0800 E 3120000 1200 014 000	HRLY	HOURLY PAY	398.62
Employee Total:					398.62
BAUGHDAR001	DARREN M BAUGH	0100 E 1120000 1120 005 000	CON	CONTRACT PAY	4,438.48
Employee Total:					4,438.48
BAUGHKAT000	KATHRYN ANNIE BAUGH	0100 E 1130000 1120 003 000	CON	CONTRACT PAY	3,379.22
Employee Total:					3,379.22
BAUTESUS001	SUSAN K BAUTE	0100 E 1110500 1120 023 000	CON	CONTRACT PAY	5,859.56
			OFFSS	OFF SCALE STP	23.08
			STP17	STIPEND 17-18	38.46
Employee Total:					5,921.10
BAXTERIL000	MILLIE JO BAXTER	0410 E 2710000 1270 026 000	CON	CONTRACT PAY	656.32
			DLY	DAILY PAY	312.97
		0410 E 2710000 1460 026 000		DAILY PAY	57.60
Employee Total:					926.89

Anticipated Completion Date: Completed July 1, 2018



(Signature)

Asst. Supt./Treasurer
(Title)

09-10-2018

(Date)



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BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
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CHAD PHILLIPS
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RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Nancy Millspaugh

Contact Phone Number: 812-376-4462

Views of the Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The FS Director will request monthly Fund Cash Balance Reports from the Deputy Treasurer to review whether the net cash resources of the School Lunch Fund are limited to three months average expenditures. If the fund has less than 3 months average expenditures, no action will be required other than to monitor the fund. The FS Director will print the email from the Deputy Treasurer, attach it to the report and maintain both for our records.

If cash resources of the School Lunch Fund are over 3 months average expenditures, actions will be taken to use the excess funds to purchase equipment for the program, purchase higher quality food for the children, and/or be used to purchase supplies for the program. The FS Director will print the email from the Deputy Treasurer, attach it to the report and maintain both for our records. Documentation of the changes implemented will also be maintained.

Anticipated Completion Date: 9/28/2018

Nancy Millspaugh C.D., C.T.
(Signature)

Director of Food Service
(Title)

9-12-18
(Date)



Deeper Learning Works

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
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RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-005

Contact Person Responsible for Corrective Action: Nancy Millspaugh/Paula Betros

Contact Phone Number: 812-376-4462

Views of the Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Food Service Director will work with the Deputy Treasurer to develop a school lunch clearing account (8400) for collections from prepaid patrons. These will be separate from federal receipts into the school food service fund (0800). These funds will be reconciled separately, as well.

Anticipated Completion Date: 2/13/2019

Nancy Millspaugh R.D. CD
(Signature)

Director of Food Service
(Title)

9-12-18
(Date)



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RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-006

Contact Person Responsible for Corrective Action: Nancy Millspaugh

Contact Phone Number: 812-376-4462

Views of the Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Food Service Director has included in all notice to bids, a statement requiring all bidders to include a certification that the business is not suspended or debarred to do business with a federal program. This has been included with bids since the 2016-2017 bid season. An example is below:

Each bidder shall file with his bid form, a certified check or bid bond in the amount of not less than five (5%) of the annual bid price, payable to the Bartholomew Consolidated School Corporation. The bid bond shall cover the period from July 13, 2018 thru July 11, 2019. If the bond is less than the bid received, the bidder will be requested to raise the amount of the bid bond. A bid bond in the form of a certified check must be filed by bidders whose principal place of business is outside the State of Indiana. Bids shall not include federal tax. If you have a bid bond on file for these dates, it is not necessary to refile. Each bidder shall include a certification that the business is not suspended or debarred to do business with a federal program. A Non-Collusion Affidavit must be signed notarized and submitted with each bid. All submissions must be sealed, marked food service bid and returned by the date and time specified. Bids will not be accepted via email.

Anticipated Completion Date: Completed January 2017

Nancy Millspaugh (D.C.)
(Signature)

Director of Food Service
(Title)

9-12-18
(Date)



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JILL SHEDD
RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-007

Contact Person Responsible for Corrective Action: Dr. Gina Pleak, Director of Title Services
Contact Phone Number: 812-314-3858

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Administrators and Guidance Directors at Columbus North and Columbus East will continue to maintain proper documentation on students in relation to mobility. To document oversight and the review process that mobility codes are accurate for students being removed from their cohorts, Administrators and Guidance Directors will ensure accurate information is entered into Powerschool. BCSC's Information Systems Team Lead will submit the IDOE Graduate report (GR) for each school. The Information Systems Team Lead will email the stakeholders listed above the final Graduate upload file annually. The Administrator and Guidance Director from both schools will sign and date to verify information submitted was accurate to their knowledge. The Guidance Directors will then email the report to the Director of Title Services and it will be filed for documentation purposes.

Anticipated Completion Date: October 2018



(Signature)

DIRECTOR OF TITLE PROGRAMS

(Title)

9/12/18

(Date)



Deeper Learning Works

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
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BOARD OF SCHOOL TRUSTEES

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JILL SHEDD
RICH STENNER

CORRECTIVE ACTION PLAN

FINDING 2016-008

Contact Person Responsible for Corrective Action: Chad Phillips
Contact Phone Number: 812-376-4300

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan:

Payroll disbursements are approved in detail showing the gross pay for each person paid from the program for each payroll beginning July 1, 2018. Internal controls have been followed so that it is signed by a payroll clerk and by either the Deputy Treasurer or the Treasurer for verification. This has been communicated to the payroll clerks, Deputy Treasurer, and Executive Assistant to the Superintendent who prepares the board docket for approval. The payroll clerks will prepare the report, the Deputy Treasurer will verify the report and submit it for the Board packet. A sample report is attached to this document.

A link to a Board Meeting agenda that includes payroll approval is included here:
<http://www.bcsc.k12.in.us/cms/lib/IN01000842/Centricity/Domain/45/Agenda%208.13.18.pdf>

A link to Board Meeting minutes that reflect approval of payroll is included here:
http://www.bcsc.k12.in.us/cms/lib/IN01000842/Centricity/Domain/45/Min.%208.13.18%20final_rev.pdf

A sample page of the payroll report provided to the board for approval is on the following page:



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BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
1200 CENTRAL AVENUE
COLUMBUS, INDIANA 47201


CHAD PHILLIPS
ASSISTANT SUPERINTENDENT FOR
FINANCIAL SERVICES

PHONE: 812-376-4300
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BOARD OF SCHOOL TRUSTEES
ROBERT ABRAMS
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4parpt13.p		BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION		9:02 AM	09/04/18
05.18.06.00.00-11.7-010041		ACCOUNT DISTRIBUTION REPORT - DETAIL HISTORY - SUMMARY		PAGE:	7
GF Labor Distribution by Employee					
Check Dates from 08/18/2018 through 09/04/2018					
NAME KEY	EMPLOYEE NAME	ACCOUNT NUMBER	CODE	OBJECT	AMOUNT
BARNEWYH000	WYN BARNETTE	0100 E 2162000 1200 012 000	CON	CONTRACT PAY	4,226.92
Employee Total:					4,226.92
BARRICHR000	CHRISTINE L BARRICK	0100 E 1610000 1280 008 000	HRLY	HOURLY PAY	211.56
Employee Total:					211.56
BARRIGIN000	GINA BARRICK	0100 E 1610000 1280 021 000	HRLY	HOURLY PAY	147.60
Employee Total:					147.60
BARTOKRI000	KRISTA L BARTOZE	5259 E 1241000 1120 023 999	CON	CONTRACT PAY	1,612.96
Employee Total:					1,612.96
BARNWJUS000	JUSTIN L BARWICK	0100 E 2620000 1270 003 000	HRLY	HOURLY PAY	1,195.20
		0100 E 2620000 1410 003 000	OT	OVERTIME	123.26
Employee Total:					1,318.46
BASTIDER000	DEANNA J BASTIAN	0100 E 1105000 1280 011 000	HRLY	HOURLY PAY	598.52
Employee Total:					598.52
BATESRIT000	RITA ANN BATES	0800 E 3120000 1200 014 000	HRLY	HOURLY PAY	398.62
Employee Total:					398.62
BAUGHHDAR001	DARREN M BAUGH	0100 E 1120000 1120 005 000	CON	CONTRACT PAY	4,438.48
Employee Total:					4,438.48
BAUGHKAT000	KATHRYN ANNIE BAUGH	0100 E 1130000 1120 003 000	CON	CONTRACT PAY	3,379.22
Employee Total:					3,379.22
BAUTESUS001	SUSAN K BAUTE	0100 E 1110500 1120 023 000	CON	CONTRACT PAY	5,859.56
			OFFPS	OFF SCALE STP	23.08
			STPI?	STIPEND 17-18	38.46
Employee Total:					5,921.10
BAXTEBIL000	HILLIE JO BAXTER	0410 E 2710000 1270 026 000	CON	CONTRACT PAY	556.32
			DLY	DAILY PAY	312.97
		0410 E 2710000 1460 026 000		DAILY PAY	57.60
Employee Total:					926.89

Anticipated Completion Date: Completed July 1, 2018



(Signature)

Asst. Supt./Treasurer

(Title)

09-10-2018

(Date)



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BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION

ADMINISTRATION BUILDING
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CORRECTIVE ACTION PLAN

FINDING 2016-009

Contact Person Responsible for Corrective Action: George Van Horn

Contact Phone Number: 812-376-4460

Views of the Responsible Official: We concur with the finding

Description of Corrective Action Plan:

A current vendor listing will be reviewed quarterly through the Federal System for Award Management (SAM) database. All vendors will be verified that they are not suspended or debarred from participation in federal programs. Documentation of this verification will be completed quarterly. All new vendors will be verified through SAM Exclusions prior to any purchase.

Anticipated Completion Date: October 1, 2018



(Signature)

Director of Special Education

(Title)

9/12/2018

(Date)



BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

Receipts from students who prepaid for food were receipted directly into the School Lunch fund (Fund 800) instead of a clearing account for prepaid food (Fund 8400) during the entire audit period. A clearing account fund for prepaid meals had not been established in the School Corporation records.

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

COMPENSATION AND BENEFITS

A similar comment also appeared in prior Report B46331, entitled *PAYROLL SCHEDULE AND VOUCHER*.

Payroll was not being presented to the School Board for approval.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

BARTHOLOMEW CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2018, with Chad Phillips, Assistant Superintendent of Finance/Treasurer; Paula Betros, Deputy Treasurer; Dr. Jim Roberts, Superintendent of Schools; and Jeff Caldwell, President of the School Board.