

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTRAL NINE CAREER CENTER

JOHNSON COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
01/11/2019

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SCHEDULE OF OFFICIALS

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



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

This report is supplemental to our audit report of the Central Nine Career Center (School Corporation), for the period from July 1, 2015 to June 30, 2017. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

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

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

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

November 26, 2018

CENTRAL NINE CAREER CENTER
FEDERAL FINDINGS

FINDING 2017-001

Subject: Career and Technical Education Basic Grants to States -
Equipment and Real Property Management
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): 14-4700-4265, 16-4700-4265,
17-4700-4265
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system, which would include segregation of duties, 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 requirements.

The School Corporation did not have an effective internal control system in place to ensure that a physical inventory of assets purchased with grant funds was taken every two years. The School Corporation only conducted a physical inventory of technology equipment every year.

Context

The lack of controls and noncompliance over non-technology equipment 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). . . ."

CENTRAL NINE CAREER CENTER
FEDERAL FINDINGS
(Continued)

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: . . .

- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigate. . . ."

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 internal control system placed the School Corporation in noncompliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-002

Subject: Career and Technical Education Basic Grants to States - Suspension and Debarment
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): 14-4700-4265, 16-4700-4265,
17-4700-4265

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 to ensure compliance with requirements related to the grant agreement and Suspension and Debarment compliance requirement.

CENTRAL NINE CAREER CENTER
FEDERAL FINDINGS
(Continued)

The School Corporation made two payments to vendors in excess of \$25,000 during the audit period. The School Corporation failed to verify that these vendors were not suspended or debarred.

Context

The lack of 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 CRF 180.300 states:

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

You do this by:

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

Cause

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

Effect

The failure to establish an internal control system placed the School Corporation in noncompliance with the grant agreement and the compliance requirement.

CENTRAL NINE CAREER CENTER
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-003

Subject: Adult Education -- Basic Grants to States - Internal Controls

Federal Agency: Department of Education

Federal Program: Adult Education -- Basic Grants to States

CFDA Number: 84.002

Federal Award Numbers and Years (or Other Identifying Numbers): AE-6-33, C1-5-AE-4-33,
C1-5-AE-5-33, C1-5-ELC-4-33,
C1-5-ELC-5-33, ELC-6-33

Pass-Through Entity: Indiana Department of Workforce Development

Compliance Requirements: Cash Management; Matching, Level of Effort, Earmarking;
Reporting; Subrecipient Monitoring

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management; Matching, Level of Effort, Earmarking; Reporting; and Subrecipient Monitoring.

The School Corporation did not perform any verifiable procedures to ensure that payments made from the grants complied with the above compliance requirements. The reimbursement requests were prepared by one individual without any review or oversight by someone else.

Context

The lack of controls 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. . . ."

CENTRAL NINE CAREER CENTER
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 that would have ensured compliance with the Cash Management; Matching, Level of Effort, Earmarking; Reporting; and Subrecipient Monitoring compliance requirements.

Effect

The failure to establish internal controls could have enabled material noncompliance to go undetected.

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 referenced above.

Views of Responsible Officials

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



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CORRECTIVE ACTION PLAN

FINDING 2017-001

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

Views of Responsible Official: We are aware that we need to implement processes to improve our inventory system. We have had a system in place for our Technology, but have fallen behind with equipment

Description of Corrective Action Plan: In the Summer of 2018, we consulted with AssetWorks to perform an inventory of our equipment. AssetWorks performed this work in November of 2018. Based on a planning meeting with the appropriate stakeholders, going forward, the equipment inventory process will be:

- At the end of each month, the Purchasing and Payroll Specialist will provide a list of items requiring an asset tag to the Facilities Supervisor.
- The Facilities Supervisor will adhere a tag to the appropriate piece of equipment, and then submit the tag number to the Staff Services Secretary/ECA Treasurer.
- The Staff Services Secretary/ECA Treasurer will then enter that information into the designated spreadsheet, until AssetWorks provides the software that will house the inventory.
- In the future, if the systems will integrate, we will integrate the already developed Technology inventory with the AssetWorks system.

Anticipated Completion Date: Immediate addition of equipment for items added since the AssetWorks inventory to spreadsheet. Continued addition of equipment to the spreadsheet until fully implemented by the end of 2018-19 school year.

Nicole Otte

 (Signature)

Director

 (Title)

11-26-2018

 (Date)

TCTW

Utilizing Technology Centers that Work Practices
serving

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



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CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Cindy Payton
 Contact Phone Number: 317-888-4401 ext. 239

Views of Responsible Official: We were unaware of this requirement until it was brought to our attention by the auditors. We have attempted to find this system in the documents provided by the SBOA, but have been unable to locate it.

Description of Corrective Action Plan: As soon as we are aware of the process for utilizing the Suspension and Debarment system, we will begin using it. We will seek out training on this system in the future through our State CTE District Association (IATED). Once implemented, the Payroll and Purchasing Specialist will be responsible for searching, and verifying that vendors are not on the Suspension and/or Debarment list.

Cindy Payton
 (Signature)

BUSINESS MANAGER
 (Title)

Nov. 26, 2018
 (Date)



Utilizing Technology Centers that Work Practices

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CORRECTIVE ACTION PLAN

FINDING 2017-003

Fiscal year in which the finding initially occurred:

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Workforce Development

Contact Person Responsible for Corrective Action: Michelle Davis, Director of Adult Education

Contact Phone Number: 317-888-4401-229

Status of Audit Finding: The Adult Education program will implement the required additional signature from the Director of Central Nine Career Center, Nicole Otte, on the reimbursements that are submitted to Department of Workforce Development.

Anticipated Completion Date: The Adult Education program will begin implementation December 2018.

Michelle Davis
 (Signature)

Director of Adult Education
 (Title)

11-20-18
 (Date)

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

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

CENTRAL NINE CAREER CENTER
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2018, with Cindy Payton, Treasurer; Nicole Otte, Director; and Michael Metzger, President of the School Board.