

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

GOSHEN COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/29/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jerry D. Hawkins (Vacant) Kelley D. Kitchen	07-01-16 to 08-08-17 08-09-17 to 08-15-17 08-16-17 to 06-30-19
Superintendent of Schools	Dr. Diane B. Woodworth	07-01-16 to 06-30-19
President of the School Board	Catherine Cripe Felipe Merino Bradd Weddell	01-01-15 to 12-31-16 01-01-17 to 12-31-18 01-01-19 to 12-31-19



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AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE GOSHEN COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

This report is supplemental to our audit report of the Goshen Community Schools (School Corporation), for the period from July 1, 2016 to June 30, 2018. 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 Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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

March 18, 2019

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

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

Payroll Disbursements

The School Corporation did not have a proper system of oversight to ensure pay rates entered into the payroll software were reviewed and approved by another individual.

Cash and Investments

The School Corporation did not have a proper system of oversight and review for cash and investments; no one reviewed the bank reconciliations. Immaterial differences were noted on each month's reviewed reconciliation. Also, bank reconciliations were completed two or more months after month-end.

Context

These were both systemic problems that occurred throughout the entire audit period.

Criteria

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

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management had not established an effective system of internal controls related to the School Corporation's financial reporting and transactions.

Effect

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

Recommendation

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

Views of Responsible Officials

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

FINDING 2018-002

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

Repeat Finding

This is a repeat of Finding 2016-002 from the immediately prior audit.

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. An oversight or review process had not been established by the School Corporation to ensure that the information entered was accurate.

Context

There were material qualitative reporting errors including: incorrect program names, incorrect identifying numbers, and incorrect CFDA numbers. In the first audit year, the unit understated their award amount by \$32,837. In the second audit year, the unit overstated their award amount by \$5,891.

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

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:

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal controls 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 remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure that all information will be properly reported on 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 2018-003

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): FY 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Program Income, Reporting, Special
Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding of Finding 2016-004 for Cash Management, Reporting, and Special Tests and Provisions - School Food Account from the immediately prior audit.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(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 following compliance requirements: Cash Management, Program Income, Reporting, and Special Tests and Provisions - School Food Accounts.

Cash Management

There were no internal controls in place at the School Corporation to ensure that the School Corporation was in compliance with the cash management requirement that they limit their net cash resources in the School Lunch fund to the three months' average for food service expenditures.

Program Income

The School Corporation did not have controls in place to ensure program income receipted into the School Lunch fund reconciled to reports provided by the Food Service Software. The Deputy Treasurer used reports provided by the Food Service Software to enter program information into the accounting system without a process for oversight, review, or approval by any other individual.

Reporting

The School Corporation did not have controls in place to ensure an oversight, review, or approval process was in place for the preparation of the monthly Sponsor Claims (claims for reimbursement) and Annual Financial Reports.

Special Tests and Provisions - School Food Accounts

There were no internal controls in place at the School Corporation to ensure that the School Food Account transactions posted to the School Lunch fund were reviewed by an individual who was knowledgeable of the program requirements.

Context

The lack of controls were systemic 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). . . ."

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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 placed the School Corporation at risk of material noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed material noncompliance with the compliance requirements, and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, and approval over the activities of the programs.

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 2018-004

Subject: Child Nutrition Cluster - Eligibility, Special Tests and Provisions - Verifications
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Eligibility, Special Tests and Provisions - Verification of
Free and Reduced Price Applications (NSLP)
Audit Findings: Material Weakness, Modified Opinion/Scope Limitation

Repeat Finding

This is a repeat finding of Finding 2016-004 from the immediately prior audit.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Eligibility and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). For fiscal year 2016-2017, free and reduced price applications were not available for testing. This included the applications that were applicable for the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. The Indiana Department of Education completed an administrative review for fiscal year 2017-2018 and found no issues.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Context

Documentation was not provided to support the 2016-2017 free and reduced price application determinations.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.333 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. . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to . . .

(6) Records to document compliance with the requirements in § 210.14(e). . . ."

Cause

The School Corporation had not developed a system of internal controls to ensure that supporting documentation was maintained and made available for audit relating to the application.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements identified above.

Questioned Costs

There were no questioned costs identified.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to 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 2018-005

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 Numbers and Years (or Other Identifying Numbers): 16-2315, 17-2315, 18-2315
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 requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. One person enters mobility codes into the system without any documented review process in place.

Context

This is a systemic problem 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). . . ."

Cause

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

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant 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 2018-006

Subject: School Improvement Grants - Cash Management and Reporting

Federal Agency: Department of Education

Federal Program: School Improvement Grants

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): S377A00120015A, S377S00120015,
S377A00140015

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 of Finding 2016-018 from the immediately prior audit.

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 and Reporting compliance requirements.

Cash Management

A reimbursement was requested in September of 2016 for \$327,881, which represented the balance of the grant award. The reimbursement request was for expenditures from April 1, 2016 through August 31, 2016; however, the actual expenditures for that period were \$243,769. The School Corporation continued to pay for expenditures from the grant fund through December 2017, at which time they refunded the remaining balance of \$21,326 to the Indiana Department of Education.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Reporting

Final Reports were submitted without documented review and were not supported by the School Corporation's records.

Context

The lack of oversight was a systemic issue 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). . . ."

31 CFR 205.12(b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

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. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

The School Corporation's Management had not developed a system of internal controls to ensure compliance with Cash Management and Reporting compliance requirements.

Effect

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

GOSHEN COMMUNITY 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 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 2018-007

Subject: School Improvement Grants - Suspension and Debarment

Federal Agency: Department of Education

Federal Program: School Improvement Grant

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): S377S00120015, S377A00120015A,
S377A00140015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This was a repeat finding of Finding 2016-019 from the immediately prior audit.

Condition

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

The School Corporation failed to comply with the Procurement and Suspension and Debarment compliance requirement, which required that they verify all vendors were not suspended, debarred, or otherwise excluded from participation in federal assistance programs.

The School Corporation entered into a contract with Expeditionary Learning for fiscal years 2016-2017 and 2017-2018 without ensuring the vendor was not suspended or debarred.

Context

This was a problem with the only contract to which the requirement applied.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

2 CFR 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 Procurement and Suspension and Debarment compliance requirement.

Effect

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

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2018-008

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-016-PN01, 14217-016-PN01,
18611-014-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 of Finding 2016-008 from the immediately prior audit.

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 Cost/Cost Principles compliance requirement.

There were multiple instances where there was not any supporting documentation to ensure payroll disbursements were made in compliance with federal guidelines. In testing employees for required supporting documentation, 7 out of the 40 tested did not have Personnel Activity Reports or other personnel expense documentation to support the percentage of their pay charged to the federal program.

Context

This was a systemic problem that 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). . . ."

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

(g) Be adequately documented. . . ."

Cause

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

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 and comply with 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 2018-009

Subject: Special Education Cluster (IDEA) - Cash Management

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-016-PN01, 14217-016-PN01, 18611-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat finding of Finding 2016-009 from the immediate prior audit.

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 Cash Management compliance requirement.

Controls were insufficient to ensure that all reimbursement requests included a review by an individual other than the preparer of the report, and that appropriate supporting documentation was attached to the request.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Context

These were systemic problems that 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). . . ."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, review, and approval over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2018-010

Subject: Special Education Cluster (IDEA) - Level of Effort/Maintenance of Effort, Earmarking
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-016-PN01, 14217-016-PN01,
18611-014-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Modified Opinion/Scope Limitations

Repeat Finding

This is a partial repeat of Finding 2016-011 from the immediate prior audit year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort/Maintenance of Effort and Earmarking portions of the Matching, Level of Effort, Earmarking compliance requirement.

Level of Effort/Maintenance of Effort

The School Corporation was unable to provide supporting documentation to support the calculation for Level of Effort included within the 2018 application. In addition, the expenditures that were included in the 2019 application did not agree to the financial records.

Earmarking

The School Corporation was unable to provide supporting documentation as to which expenditures were related to either Early Intervening Services or Non-Public Schools because no separate account lines were maintained to identify these services. As such, the School Corporation was unable to provide supporting documentation for the associated earmarking requirements.

Context

This was a systemic problem during the audit period. Documentation was not provided to support the Matching, Level of Effort, Earmarking compliance requirement.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

2 CFR 200.333 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 300.203(b) states:

"Compliance standard.

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
 - i. Local funds only;
 - ii. The combination of State and local funds;
 - iii. Local funds only on a per capita basis; or
 - iv. The combination of State and local funds on a per capita basis.
- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

34 CFR 300.226(a) states:

"*General.* An LEA may not use more than 15 percent of the amount the LEA receives under Part B of the Act for any fiscal year, less any amount reduced by the LEA pursuant to § 300.205, if any, in combination with other amounts (which may include amounts other than education funds), to develop and implement coordinated, early intervening services, which may include interagency financing structures, for students in kindergarten through grade 12 (with a particular emphasis on students in kindergarten through grade three) who are not currently identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment. (See appendix D for examples of how § 300.205(d), regarding local maintenance of effort, and § 300.226(a) affect one another.)"

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

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

Cause

The School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the compliance requirement.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the 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 was maintained and made available for audit related to the compliance requirement.

Views of Responsible Officials

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

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2018-011

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Program: Special Education Grants to States
CFDA Number: 84.027
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-016-PN01, 14217-016-PN01,
18611-014-PN01
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 requirements related to the grant agreement and the Reporting compliance requirement.

The CEIS Quarterly Monitoring Reports and Proportionate Share Monitoring reports were not filed during the audit period.

Context

This was a systemic problem that 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). . . ."

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. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system allowed 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 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 2018-012

Subject: Special Education Cluster (IDEA) - Cash Management

Federal Agency: Department of Education

Federal Program: Special Education Preschool Grants

CFDA Number: 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 45716-014-PN01, 45717-014-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Finding: Material Weakness

Repeat Finding

This is a partial repeat of Finding 2016-009 from the immediate prior audit.

Condition

The Elkhart County Special Education Cooperative (ECSEC) is a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation is the administrator of the ECSEC. An effective internal control system was not in place at the School Corporation and the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement.

There was not a proper system of oversight and review in place to ensure the reimbursement requests had the proper supporting documentation attached to match the request.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Context

This was a systemic problem throughout the audit.

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). . . ."

Cause

The School Corporation and ECSEC had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation and ECSEC at risk of noncompliance with the grant agreement and the Cash Management compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation and ECSEC's management establish controls related to 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.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2018-013

Subject: Special Education Cluster (IDEA) - 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): 14216-016-PN01, 45716-014-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

The Elkhart County Special Education Cooperative (ECSEC) is a public school program serving approximately 3,400 students with disabilities 3-22 years old in Elkhart County. The School Corporation is the administrator of this Cooperative. An effective internal control system was not in place at the School Corporation and the ECSEC in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The ECSEC failed to complete the final reports and the quarterly monitoring reports required to be filed during the audit period for the member schools.

Context

This was a systemic problem throughout the audit.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(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. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

2 CFR 200.327 states:

"Unless otherwise approved by OMB, the Federal awarding agency may solicit only the standard, OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future collections as may be approved by OMB and listed on the OMB Web site). This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting."

2 CFR 200.328 states:

(a) *Monitoring by the non-Federal entity.* The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.

(b) *Non-construction performance reports.* The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).

- (1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.
- (2) The non-Federal entity must submit performance reports using OMB approved governmentwide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:
 - (i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

GOSHEN COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

(ii) The reasons why established goals were not met, if appropriate.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(c) *Construction performance reports.* For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and pass-through entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.

(d) *Significant developments.* Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:

- (1) Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- (2) Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

(e) The Federal awarding agency may make site visits as warranted by program needs.

(f) The Federal awarding agency may waive any performance report required by this part if not needed."

Cause

The School Corporation and ECSEC had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation and ECSEC's management establish controls 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.



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2016-001 Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

Payroll Disbursements:

GCS is developing a payroll edit that will allow verification of pay rates entered into the payroll software

Cash & Investments:

GCS has implemented a monthly bank reconciliations process using the bank reconciliation module in the financial software. The deputy treasurer will complete the monthly bank reconciliation for corporation accounts. The building Bookkeepers will complete monthly reconciliations for their respective ELCLA. All will be submitted to the Executive Director of Finance for approval

Anticipated Completion Date: On-going

Kelly Kitchen
Executive Director of Finance
March 15, 2019

The fiscal agent for Goshen Community Schools began tenure on August 16, 2017. Subsequently, the 2014-2016 audit was begun and completed by the State Board of Accounts. The final audit for the 2014-16 cycle was not released until June 2018 which was the end of the next audit cycle. Goshen Community Schools has implemented internal controls and reviewed all fund balances. Continued corrections were made until the end of the 2016-2018 audit cycle and into the first quarter of the 2018-2020 audit cycle



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, new staff was hired in the Business office, and additional training was provided on the financial software system to retrieve financial data to populate the SEFA. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

Internal controls and processes have been documented and implemented. The process manual outlining these can be located on the Goshen Community Schools website.

To prevent errors on the Schedule of Expenditures of Federal Awards (SEFA), the following processes have been implemented and maintained

1. Monthly reconciliation of the Grant Fund in Financial software to Grant Reimbursement Form completed by the Deputy Treasurer.
2. Approval of reimbursement requests prior to submittal by both the Executive Director of Finance and Grant program director.
3. Segregation of duties in the completion of the SEFA with approval sign-off by both the Executive Director of Finance and the responsible Grant program director.

Anticipated Completion Date: June 30, 2019

Kelley Kitchen
Executive Director of Finance
March 15, 2019



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Dr. Colleen Daly, Director of School Nutrition (SND) and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: 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 following compliance requirements: Cash Management, Program Income, Reporting, Special Tests, and Procedures – School Food Accounts. Goshen Community Schools (GCS) concurs with the findings.

Corrective Action Plan:

Cash Management-GCS had not established internal controls to ensure the District was in compliance with the cash management requirement to limit net cash resources for three months. After the completion of the Annual Financial Report the SND will ensure there is a memo written to the IDOE explaining why the net cash balance in the School Lunch Fund is greater than three months average balance. This memo will include the plans to spend down the overage. The memo will be reviewed and approved at GCS by both the SND and the Executive Director of Finance prior to submission to the IDOE.

Program Income-. GCS has implemented internal controls to ensure program income is receipted correctly into the School Lunch Funds. Ongoing training on the POS software is scheduled for the SND and the Administrative Assistant. The POS software will generate reports indicating the amount of the deposit. The report generated will be reviewed and approved by the SND and the Deputy Treasurer monthly before the prepaid food transfer is completed. Once approved the check will be deposited into the School Nutrition account, deposits are made by the Deputy Treasurer, reviewed and posted by the Executive Director of Finance.

Reporting-The SND will complete the Sponsor Claims (Claims for Reimbursement) and Annual Financial Reports. The Deputy Treasurer and Executive Director of Finance will review and approve prior to submission.

Special Tests and Provisions-The SND will provide documentation to the IT specialist. Once the information is updated in the school nutrition software, the SND and Deputy Treasurer will review and approve the information.

Anticipated Completion Date: On-going

Kelley Kitchen
Executive Director of Finance



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-004

Fiscal year in which the finding initially occurred: 2016-2018
Pass-Through Entity, if pass through or Federal Grantor Agency, if direct:
Contact Person Responsible for Corrective Action: Colleen Daly, Food Service
Coordinator and Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: In July 2018 Goshen Community Schools hired a new School Nutrition Director, Dr. Colleen Daly. GCS concurs with the finding.

Description of Corrective Action Plan:

By December 31, 2018, Dr. Daly will complete training with building Cafeteria managers to ensure reconciliation to the Point of Sale System (POS). The monthly documented processes by the School Nutrition Director and Deputy Treasurer for verifying the school lunch fund balances to the POS will be in place. The practice to verify reimbursement rates and free and reduced applications was in place at the time of the audit and continues.

Starting July 2018, The School Nutrition Director prepares her monthly claims, Annual Financial Report, and Verification Collection reports and submits to the Finance Department for review before submission to the State of Indiana.

Verification Collection report is double checked by School Nutrition Administrative Assistant and the School Nutrition Director. The Verification Collection findings are reported to the Deputy Treasurer. Documentation of the current review plan for free and reduced applications is included with the verification documents.

Anticipated Completion Date: January 1, 2019

Kelley Kitchen
Executive Director of Finance
March 15, 2019



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-005 Special Tests and Provisions/Annual Report Card

Contact Person Responsible for Corrective Action: Dr. Steve Hope,
Deputy Superintendent
Contact Phone Number: 574-533-8631

Views of Responsible Official: Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action Plan:

To ensure oversight and to document a review process for the entering of mobility codes. Goshen High School has established the following procedure:

- The Goshen High School Assistant Principal will regularly review all cohort records with the registrar tracking all enrollments and withdrawals.
- The Goshen High School Principal or designee will review and sign all withdrawal forms.

This internal control will place two additional people to check cohort transfers and require an administrative signature on withdrawals.

Anticipated Completion Date: Immediately

Kelley Kitchen
Executive Director of Finance
March 15, 2019



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March 15, 2019

CORRECTIVE ACTION PLAN

Finding 2018-006

Contact Person Responsible for Corrective Action: Mary Kay Longacre, Director of Grants and Assessments and Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the Deputy Treasurer was replaced. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action: Requests for reimbursement will not be submitted until the Deputy Treasurer has attached the Accumulated Transaction Report from the financial software system. The reimbursement request will require an approval signature from the Director of English Language Learners and/or Director of Grants/Assessment and the Executive Director of Finance/Treasurer prior to submittal.

Anticipated completion Date: Immediately

Kelley Kitchen
Executive Director of Finance
March 15, 2019

The fiscal agent for Goshen Community Schools began tenure on August 16, 2017. Subsequently, the 2014-2016 audit was begun and completed by the State Board of Accounts. The final audit for the 2014-16 cycle was not released until June 2018 which was the end of the next audit cycle. Goshen Community Schools has implemented internal controls and reviewed all fund balances. Continued corrections were made until the end of the 2016-2018 audit cycle and into the first quarter of the 2018-2020 audit cycle



GOSHEN COMMUNITY SCHOOLS

"Inspiring Innovation...Empowering Potential...Enriching Our World"

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Phone: (574) 533-8631
Fax: (574) 533-2505
www.goshenschools.org

Superintendent
Dr. Diane B. Woodworth

Deputy Superintendent
Dr. Steve Hope

*Assistant Superintendent-
Elementary Education*
Dr. Alan Metcalfe

*Assistant Superintendent-
Human Resources &
Professional Development*
Mrs. Tamra Ummel Ed. S.

*Executive Director of
Finance*
Mrs. Kelley Kitchen

*Assistant HR Director &
Health Services
Coordinator*
Mrs. Susan Stiffney

Director of EL Services
Mrs. Dolores Pfenning

Director of Facilities
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Director of School Nutrition
Dr. Colleen M. Daly

Director of Technology
Mr. David M. Snyder

Director of Transportation
Mr. Don Graves

*Executive Director of
Curriculum & Instruction*
Mrs. Tracey Noe

March 15, 2018

CORRECTIVE ACTION PLAN

Finding 2018-007 Suspension and Debarment

Contact Person Responsible for Corrective Action: Mary Kay Longacre, Director of Grants and Assessments, and Kelley Kitchen, Executive Director of Finance
Contact Phone Number: 574-533-8631

Views of Responsible Official: During the audit period, the financial software system was replaced, and adequate training and internal controls were not implemented. Goshen Community Schools (GCS) concurs with the finding.

Description of Corrective Action: Goshen Community Schools has established comprehensive internal controls process in which the Program Director works with the Director of Finance to establish that the following:

The Business Office is registered with System for Award Management (SAM) and will check all vendors before approving purchases or contracts with grant funds above \$25,000.

Anticipated Completion Date: Immediately

Kelley D. Kitchen
Executive Director of Finance
May 14, 2018

The fiscal agent for Goshen Community Schools began tenure on August 16, 2017. Subsequently, the 2014-2016 audit was begun and completed by the State Board of Accounts. The final audit for the 2014-16 cycle was not released until June 2018 which was the end of the next audit cycle. Goshen Community Schools has implemented internal controls and reviewed all fund balances. Continued corrections were made until the end of the 2016-2018 audit cycle and into the first quarter of the 2018-2020 audit cycle



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-008

Contact Person Responsible for Corrective Action: Wendy Hite, ECSEC Director and Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: Adequate documentation was not provided to ensure Allowable Costs/Cost Principles were met for staff paid and other expenses from the Special Education Cluster of Funds.

Description of Corrective Action Plan: All certified employees paid 100% from the Special Education Part B Grant Cluster will complete a semi-annual certification form. Any certified employee paid less than 100% from the Special Education Part B Grant Cluster will keep time and effort logs to be submitted monthly. Wendy Hite, Director of ECSEC, will review and approve certified documentation. All non-certified personnel will clock in and clock out using the automated time clock system at GCS or the approved time system at the member schools. Wendy Hite or designee will approve for bi-weekly payroll. Substitutes employed and paid from the ECSEC funds will be documented through the WillSub system. A complete and accurate list of all personnel paid from ECSEC funds will be compiled by GCS payroll services. Changes can only be made with a completed and approved form (see attachment)

Anticipated Completion Date: In Process

Kelley D. Kitchen
Executive Director of Finance
March 15, 2019

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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-009

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance

Contact Phone Number: 574-533-8631

Views of Responsible Official: GCS acting as LEA for ECSEC did not ensure proper documentation prior to filing reimbursement from the Special Education cluster grants. GCS concurs with the finding.

Description of Corrective Action Plan: Requests for reimbursement will not be submitted until the Deputy Treasurer has attached the Accumulated Transaction Report from the financial software system (member schools will provide like documentation). The documentation will be reviewed and approved by the Executive Director of ECSEC prior to submission to the Deputy Treasurer. The reimbursement request will require an approval signature from the Executive Director of Finance/Treasurer prior to submittal.

Completed as of: 3/18/2019

Kelley D. Kitchen
Executive Director of Finance
March 15, 2019

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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-010

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance and Wendy Hite, ECSEC Director

Contact Phone Number: 574-533-8631

Views of Responsible Official: GCS concurs with this finding.

Maintenance of Effort Documentation: Proper documentation of transactions from the financial software is attached to the MOE application which receives approval from the Director of ECSEC prior to submission.

Earmarking: All budgeted earmarked line items for items such as CEIS and non-public schools will be entered into the financial software as individual line items in order to properly expense and reimburse earmarked funds.

Monthly grant meetings are held and documented by minutes to ensure that communicated data has been verified and vetted.

Anticipated Completion Date: Immediately

Kelley D. Kitchen
Executive Director of Finance



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March 15, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-011

Contact Person Responsible for Corrective Action: Kelley Kitchen, Executive Director of Finance and Wendy Hite, ECSEC Director

Contact Phone Number:

Views of Responsible Official: GCS must ensure CEIS quarterly monitory and proportionate share reports were filed timely. GCS concurs with this finding.

Description of Corrective Action Plan: GCS has placed the oversight of documentation for the Special Education Grants and reporting under the Director of Grants, Mary Kay Longacre. The Director of Grants will ensure compliance with timely submission.

Anticipated Completion Date: Immediately

Kelley D. Kitchen
Executive Director of Finance

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Elkhart County Special Education Cooperative

704 West Lincoln Avenue – Goshen, IN 46526

574-533-3151 – Fax 574-534-9159

CORRECTIVE ACTION PLAN

FINDING 2018-012

Contact Person Responsible for Corrective Action: Wendy Hite, Executive Director

Contact Phone Number: 574/533-3151

Views of Responsible Official: The Elkhart County Special Education Cooperative concurs with the finding.

Description of Corrective Action Plan: School corporations will send documentation to the Elkhart County Special Education Cooperative (ECSEC) with signature of the business manager/superintendent after reviewing the prepared documents. The ECSEC bookkeeper will review the documents and initial the documents are ready for the executive director to approve. The executive director will review and initial the documents to be sent in to the State.

Anticipated Completion Date: July 1, 2018

Wendy Hite, PhD
(Signature)

Executive Director of Special Ed
(Title)

March 19, 2019
(Date)



Elkhart County Special Education Cooperative

704 West Lincoln Avenue – Goshen, IN 46526

574-533-3151 – Fax 574-534-9159

CORRECTIVE ACTION PLAN

FINDING 2018-013

Contact Person Responsible for Corrective Action: Wendy Hite, Executive Director
Contact Phone Number: 574/533-3151

Views of Responsible Official: The Elkhart County Special Education Cooperative concurs with the finding.

Description of Corrective Action Plan: ECSEC will submit reports to the State before the deadlines.

Anticipated Completion Date: July 1, 2018

Wendy Hite, PhD
(Signature)

Executive Director of Special Ed
(Title)

March 19, 2019
(Date)

GOSHEN COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

The School Corporation had several overdrawn balances at year end. While the ECSEC and IDEA Special Ed funds are reimbursable funds, they were not requesting and receiving reimbursement in a timely manner.

Year Ended	Fund	Amount Overdrawn
06-30-17	2015-16 ECSEC	\$ (1,161,779)
	Indiana School Academic Improvement Program (ISAIP)	(5,920)
	IDEA Special Ed Part B 2015-16	(1,006,302)
	IDEA Special Ed Part B 2016-17	(216,406)
06-30-18	2016-17 ECSEC	(1,585)
	2017-18 ECSEC	(2,840,014)
	Child Care Program	(2,672)
	GMS Pool	(24,399)
	Indiana School Academic Improvement Program (ISAIP)	(14,691)
	IDEA Special Ed Part B 2016-17	(422,805)
	IDEA Special Ed Part B 2017-18	(1,067,915)

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Schools, Chapter 1)

GOSHEN COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 18, 2019, with Kelley D. Kitchen, Treasurer; Diane Woodworth, Superintendent of Schools; Bradd Weddell, President of the School Board; Keith Goodman, Vice President of the School Board; Roger Nafziger, School Board member; Wendy Hite, Executive Director of Elkhart County Special Education Cooperative; and Lee Wynn, Bookkeeper for Elkhart County Special Education Cooperative.