

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

MONROE COUNTY COMMUNITY  
SCHOOL CORPORATION  
MONROE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
04/29/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Business Operations	Timothy Thrasher John Kenny	07-01-16 to 06-30-17 07-01-17 to 06-30-19
Superintendent of Schools	Dr. Judith DeMuth	07-01-16 to 06-30-19
President of the School Board	Martha Street Kelly Smith Lois Sabo-Skelton	01-01-16 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE MONROE COUNTY COMMUNITY SCHOOL CORPORATION, MONROE COUNTY, INDIANA

This report is supplemental to our audit report of the Monroe County Community School Corporation (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 Result and Comment that pertains to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa](http://www.in.gov/sboa).

The Federal Findings, identified in the above referenced audit report, are included in this report 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 21, 2019

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2018-001***

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

Repeat Finding

This is a repeat of Finding 2016-001 from the immediately prior audit report regarding: Lack of Segregation of Duties, Monitoring of Controls, and Cash Reconcilements.

*Condition*

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to recording of federal grant receipts, disbursements, and cash and investment balances. Requests for reimbursement of grant funds were not reviewed and requested timely. Several posting errors were made to grants resulting in a negative cash balance and were not corrected timely. Journal entries were used to receipt and disburse money between funds, to correct transactions that had been inaccurately posted to the records, and to post Electronic Funds Transfer (EFT) disbursements from the School Corporation's bank accounts to an appropriate fund. These entries were calculated and posted to the records by one employee of the School Corporation without the approval of a second employee of the School Corporation or approval by the School Board.
2. Receipts were deposited timely for school lunch and school age care, but they were not posted to the ledger for up to six months after the deposit. As of June 30, 2018, revenue deposited, but not recorded was \$736,693. The School Corporation changed their procedures in October 2018 to ensure deposits are now posted timely.
3. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial transactions and reporting would have required the School Corporation to monitor and assess the quality of the system of internal controls.
4. Cash Reconcilements: The School Corporation has not performed timely reconcilements of the fund balances to the bank balances. The reconciliation for June 30, 2018, was performed in October 2018. The School Corporation refined their procedures in October 2018 and bank reconcilements are now performed timely with immaterial differences.

*Context*

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

*Criteria*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

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

*Cause*

Management of the School Corporation had not established a proper system of internal controls that segregated key functions.

*Effect*

The failure to establish and properly implement controls enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, misstatements in a timely manner.

*Recommendation*

We recommended that the School Corporation's management 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.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-002***

Subject: Child Nutrition Cluster - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): RA 5740  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2016-004 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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records. The actual program income generated from the food service program was not transferred or recorded. The program income calculation included amounts received for prepaid meals, which caused an overstatement in the income reported for the National School Lunch Program.

*Context*

The School Corporation's lack of properly designed and implemented controls and failure to properly calculate program income were systemic problems 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). . . ."

7 CFR 210.14(c) states:

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

7 CFR 220.7(e) states in part:

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

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

7 CFR 225.6(e) states in part:

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

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

*Cause*

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with the Program Income compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-003***

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): RA 5740  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2016-003 from the immediately prior audit.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with federal procurement compliance requirements or applicable state and local laws during the audit period.

The School Corporation adopted a local procurement policy on November 13, 2018, and later amended it on December 18, 2018.

Contracts are required for vendors with expenditures over \$150,000. The School Corporation only provided one of four vendor required contracts for the audit period.

*Suspension and Debarment*

The School Corporation did not have a suspension and debarment policy. There were no procedures performed in fiscal year 2016-2017 to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract. The Food Service Director did check the SAM.gov website to verify that vendors were not suspended or debarred during 2017-2018. Documentation from the SAM.gov website was provided for two of three vendors tested for 2017-2018.

*Context*

The lack of controls and noncompliance were systemic problems throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement:

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

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

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

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

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*

The School Corporation had not established and implemented effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-004***

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Number and Year (or Other Identifying Number): RA 5740  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
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 Reporting compliance requirement.

The Annual Financial Reports for fiscal year 2016-2017 and 2017-2018, and the Verification Summary Report for 2017-2018, were not supported by the School Corporation's records. There were no controls over the accuracy of the reporting.

*Context*

The lack of internal controls and noncompliance were systemic problems 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)(3) states:

"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 documentation."

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.333 states in part:

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

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2018-005**

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Number and Year (Other Identifying Number): RA 5740  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Verification of Free  
and Reduced Price Applications (NSLP)  
Audit Finding: Material Weakness

*Condition*

The School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The administrative assistant pulled applications selected for verification and determined if a change status was needed. If so, she changed them in the system. There was no documentation of a process for oversight, review, or approval by any other individual.

*Context*

The lack of effective controls was 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 would have ensured compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-006***

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

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): SE IDEA 15/16 #14216-040-PN01,  
SE IDEA 16/17, #14215-042-P,  
PRESCHOOL - #45716-040-PN01,  
PRESCHOOL FY17  
#45717-040-PN01,  
PRESCHOOL PROJ  
#45715-042-PY02

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2016-006 from the immediately prior audit.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with federal procurement compliance requirements or applicable state and local laws during the audit period.

The School Corporation adopted a local procurement policy on November 13, 2018, and later amended it on December 18, 2018.

*Suspension and Debarment*

The School Corporation did not have a suspension and debarment policy. There were no procedures performed to verify that vendors were not suspended or debarred from participation in federal programs before a contract was signed.

*Context*

The lack of controls and noncompliance were systemic problems throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement:

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

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

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

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

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*

The School Corporation had not established and implemented effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

**FINDING 2018-007**

Subject: Twenty-First Century Community Learning Centers - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Twenty-First Century Community Learning Centers  
CFDA Number: 84.287  
Federal Award Number and Year (or Other Identifying Number): 21ST CENTURY - TITLE IV PART B  
EDS #A58-5-15DL-2124  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Semi-Annual Certifications or other documentation of personnel expenses for several employees whose salaries were 100 percent grant funded were not completed or presented for the fiscal year 2016-2017. In addition, there were not any Semi-Annual Certifications or Personal Activity Reports kept for 2017-2018.

Context

The lack of controls and the noncompliance were systemic problems 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 200.430(i) states in part:

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

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;

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- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
  
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

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

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 Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

***FINDING 2018-008***

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): Title I - Basic- 2015/2016,

Title I - 2016/2017,

Title I - 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Period of Performance

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2016-008 from the immediately prior audit report.

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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 Period of Performance compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure expenditures, including payroll, were posted to the correct grant year. Several payroll expenditures were noted as not being within the Period of Performance of the grant. Journal entries were made to correct the expenditures to the proper grant year.

*Context*

The lack of controls was a systemic problem, occurring 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 would have ensured compliance with the grant agreement and the Period of Performance compliance requirement.

*Effect*

The failure to establish an effective internal control system, including segregation of duties, placed the School Corporation at risk of 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 related to the grant agreement and the Period of Performance compliance requirement.

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

**FINDING 2018-009**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): Title I - Basic- 2015/2016,  
Title I - 2016/2017,  
Title I - 2017/2018

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Semi-Annual Certifications or other documentation of personnel expenses for several employees whose salaries were 100 percent grant funded were not completed or presented for audit. Also, the Semi-Annual Certifications provided were not signed and dated after the six-month period was completed.

*Context*

The lack of controls and the noncompliance were systemic problems 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 200.430(i) states in part:

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

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;

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FEDERAL FINDINGS  
(Continued)

- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

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

- **TAS Programs:**

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

- **School wide programs:**

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

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-010***

Subject: Title I Grants to Local Educational Agencies - Cash Management, Reporting  
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): Title I - Basic- 2015/2016,  
Title I - 2016/2017,  
Title I - 2017/2018

Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Reporting  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat of Finding 2016-008 from the immediately prior audit report.

*Condition*

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

The School Corporation did not present supporting documentation to support their reimbursement requests. Expenditure reports were requested during the audit to support their reimbursement claims. Several of these expenditure reports did not agree to the amount requested for reimbursement. Additionally, two of the eight reimbursement forms tested included expenditures that were incurred but not paid.

*Context*

The lack of controls and noncompliance were systemic problems 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 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuances or redemption of checks, warrants, or payment by other means. . . ."

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(Continued)

- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. . . ."

2 CFR 200.302 states in part:

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

(b) 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*

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

*Effect*

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Cash Management and Reporting compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, 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.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-011***

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment  
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): Title I - Basic- 2015/2016,  
Title I - 2016/2017,  
Title I - 2017/2018

Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2016-009 from the immediately prior audit report.

*Condition*

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

*Procurement*

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with federal procurement requirements or applicable state and local laws during the audit period.

A local procurement policy was not adopted until November 13, 2018, and later amended December 18, 2018.

*Context*

The lack of controls and noncompliance were systemic problems 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 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

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(Continued)

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement:

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

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

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

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity;  
or
- (4) After solicitation of a number of sources, competition is determined inadequate."

*Cause*

The School Corporation had not established and implemented effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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FEDERAL FINDINGS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2018-012**

Subject: Title I Grants to Local Educational Agencies - Special  
Tests and Provisions - Assessment System Security

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): Title I - Basic- 2015/2016,  
Title I - 2016/2017,  
Title I - 2017/2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment System Security

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat Finding of 2016-010 from the immediately prior audit.

*Condition*

The School Corporation had not established an effective internal control system related to the Special Tests and Provisions - Assessment System Security compliance requirement. The School Corporation had not adopted a locally developed written test security policy during the audit period. The School Corporation did not maintain a list of all employees that were required to receive the training.

The School Corporation presented a locally developed written test security policy that was adopted December 18, 2018, from their Policy Manual, Code 8331 Test Security. This document stated that the School Corporation will follow the state agency's test security protocol and guidelines. We inquired the current School Corporation Test Coordinator about the referenced guidelines. The current School Corporation Test Coordinator provided a file from the School Corporation's hard drive dated August 2, 2016,

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FEDERAL FINDINGS  
(Continued)

that contained some, but not all of the required components from the Indiana Assessment Program Manual. We were unable to ascertain whether this document was known to exist, and if it was followed during the audit period. Additionally, no procedures were in place to ensure that training was provided for all employees that were required to receive it.

*Context*

The lack of adequate internal controls and noncompliance were systemic issues 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 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Indiana Assessment Program Manual, Chapter 13, Section 9, Part D states in part:

**"Required local test security policy.** Every school corporation, public school, charter school, accredited nonpublic school, Choice school, or other test administration location that administers tests under the Indiana Assessment System **MUST** have a locally developed written test security policy. . . ."

*Cause*

The School Corporation had not established a system of internal controls that would have ensured that a locally developed written test policy was implemented or approved.

*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.

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(Continued)

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2018-013**

Subject: School Improvement Grants - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: School Improvement Grants

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): TITLE I -SIG (1003a) 15/16,  
TITLE I -SIG (1003a) 2016/17,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 16/17,  
TITLE I -SIG (1003g) SY 17/18

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 of Finding 2016-011 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 Costs/Cost Principles compliance requirement. There was no documented second review of expenditures from grant funds by the Grant Coordinator or other employee knowledgeable about grant requirements. In addition, Semi-Annual Certifications or other documentation of personnel expenses for employees whose salaries were 100 percent grant funded were not completed or presented for audit.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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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 200.430(i) states in part:

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

These records must:

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-014***

Subject: School Improvement Grants - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Program: School Improvement Grants

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): TITLE I -SIG (1003a) 15/16,  
TITLE I -SIG (1003a) 2016/17,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 16/17,  
TITLE I -SIG (1003g) SY 17/18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2016-012 from the immediately prior audit report.

*Condition*

The School Corporation had not established an effective internal control system to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Procurement*

The School Corporation did not have a procurement policy that complied with federal procurement requirements or applicable state and local laws during the audit period.

Five vendors tested for procurement compliance were subject to the "small purchase" procurement method (\$3,500 - \$150,000). Small purchase procedures were not followed which require that at least three price or rate quotations be obtained from qualified sources. The School Corporation did not obtain quotes from other vendors or document its basis for purchasing from these vendors.

The School Corporation did not have a procurement policy that complied with 2 CFR 200.320.

Eleven vendors tested for procurement compliance were subject to the "micro-purchase" procurement method (Less than \$3,500). The School Corporation did not document the procedures used to distribute micro-purchases equitably among qualified suppliers. The School Corporation also did not document the rationale for their choice of a noncompetitive proposal method of procurement

A local procurement policy was not adopted until November 13, 2018, and later amended December 18, 2018.

*Context*

The lack of controls and noncompliance were systemic problems throughout the audit period.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
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(Continued)

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Indiana Code 5-22-7-2(a) states: "A purchasing agent shall issue an invitation for bids."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement:

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

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

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

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. . . .

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

*Cause*

The School Corporation had not established and implemented effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-015***

Subject: School Improvement Grants - Cash Management, Reporting

Federal Agency: Department of Education

Federal Program: School Improvement Grants

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): TITLE I -SIG (1003a) 15/16,  
TITLE I -SIG (1003a) 2016/17,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 16/17,  
TITLE I -SIG (1003g) SY 17/18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat of Finding 2016-013 from the immediately prior audit report.

*Condition*

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

The School Corporation did not retain supporting documentation to support their reimbursement requests or final expenditure reports. Expenditure reports were requested during the audit to support their reimbursement claims. Several of these expenditure reports did not agree to the amount requested for reimbursement. The School Corporation had not implemented procedures to ensure compliance with the Cash Management requirement that expenditures be paid prior to the submission of the associated reimbursement. The School Corporation could not provide documentation to demonstrate that expenditures were paid before the reimbursement requests were submitted for two tested reimbursement requests. Additionally, one reimbursement request tested included expenditures incurred, but not yet paid. One employee prepared and submitted the requests for reimbursement, and prepared the final expenditure reports. The grant coordinator indicated that the reports were reviewed; however, there was not any documentation of the review.

*Context*

The lack of controls and lack of adequate documentation were systemic issues throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

2 CFR 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuances or redemption of checks, warrants, or payment by other means. . . ."

(3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. . . ."

2 CFR 200.302 states in part:

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

(b) 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*

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

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2018-016**

Subject: School Improvement Grants - Internal Controls

Federal Agency: Department of Education

Federal Program: School Improvement Grants

CFDA Number: 84.377

Federal Award Numbers and Years (or Other Identifying Numbers): TITLE I -SIG (1003a) 15/16,  
TITLE I -SIG (1003a) 2016/17,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 15/16,  
TITLE I -SIG (1003g) SY 16/17,  
TITLE I -SIG (1003g) SY 17/18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Period of Performance

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2016-013 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 following compliance requirements: Activities Allowed or Unallowed, and Period of Performance.

*Activities Allowed or Unallowed, and Period of Performance*

The School Corporation had not designed or implemented adequate policies or procedures to ensure that expenditures were properly charged to the applicable federal grants. There was no documented second review of expenditures from grant funds by the Grant Coordinator or other employee knowledgeable about grant requirements.

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

The lack of internal controls was 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 would have ensured compliance with the Activities Allowed or Unallowed, and the Period of Performance compliance requirements.

*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 requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the 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.



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-001**

Contact Person Responsible for Corrective Action: John Kenny  
Contact Phone Number: (812) 330-7700

Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

Description of Corrective Action Plan:

The Director of Business Operations in conjunction with the Grants Budget Manager will implement the following controls in response to the audit finding:

1. Lack of Segregation of Duties
  - Review all grants reimbursement requests prior to submission. Will make sure that documentation to support the amounts is provided and accurate.
  - Maintain a monthly submission schedule for reimbursements so that we remain timely in our submissions.
  - Review accounting postings to grants for accuracy so that correcting journal entries are kept to an absolute minimum.
2. Receipts – The Director of Business Operations, in conjunction with the Assistant Director of Business Operations, have developed and implemented a system for timely upload of receipts on a monthly basis to the general ledger. This system has been reviewed and approved by State Board of Accounts personnel during the current audit. Receipts have been posted to the ledger and are current as of December, 2018.
3. Monitoring of Controls – The Director of Business Operations in conjunction with the Grants Budget Manager will set up a process to identify or communicate corrective actions to improve controls. This will include monthly monitoring of grant reports for accuracy.
4. Cash Reconcilements – The Director of Business Operations/Business Office have performed reconcilements through January 2019 currently. We have developed and have implemented internal procedures to remain current on a monthly basis. Per State Board of Accounts directive for all School Districts, the January 2019 cash reconciliations have been uploaded to GATEWAY.

Completion Date: January 2019

John Kenny  
(Signature)

Director of Business Operations  
(Title)

3/21/19  
(Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-002**

Contact Person Responsible for Corrective Action: Hattie Johnson  
Contact Phone Number: (812) 349-4762 ext. 40013

Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

Description of Corrective Action Plan:

1. MCCSC has established an 8400 account for deposit of all school meal prepayment deposits.
2. Income from meal prepayments are deposited to the 8400 account.
3. Income from cash payments or other sources are deposited to the 0800 account.
4. Food Service daily income report are revised to indicated the following:
  - a. Income from meal prepayments
  - b. Income from cash payments
  - c. Income from other \_\_\_\_\_
5. The business office transfers earned income from the 8400 account to the 0800 account on a monthly basis.
  - a. Food Service provides documentation to support the total to be transferred by the 5<sup>th</sup> business day of each month (for the prior month).
  - b. Annually in June, prepayment balances of students who graduate or withdraw from the corporation, transfer to the 0800 account per the district guidelines for policy 8500 section VIII.
    1. Food service provides a listing of students/balances that did not respond as outlined in policy 8500 section VIII.

Completion Date: July 1, 2018

*Hattie Johnson*  
(Signature)

*Food Service Director*  
(Title)

*3-21-19*  
(Date)



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Mr. John Kenny, Director of Business Operations  
Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Hattie Johnson  
Contact Phone Number: (812) 349-4762 ext. 40013

Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

**Description of Corrective Action Plan:**

The Director of Business Operations has modified the procurement policy to comply with 2 CFR 200.320. Contracts are attached to all purchase orders generated with the requirements of 2 CFR 200.320. In addition, price or rate quotations obtained from an adequate number of sources are attached, if applicable. The Food Services Director verifies that no vendors have been Suspended or Debarred prior to procurement approval.

Completion Date: December 31, 2018

Hattie Johnson  
(Signature)

Food Service Director  
(Title)

3-21-19  
(Date)



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Mr. John Kenny, Director of Business Operations  
Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-004**

Contact Person Responsible for Corrective Action: Hattie Johnson  
Contact Phone Number: (812) 349-4762 ext. 40013

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

The Director of Business Operations will modify the internal control policy with regards to 2 CFR 200.303. The food service Annual Financial report will be compiled by the food service director and reviewed by both the Assistant Director and Director of Business Operations. The annual Financial report will be reconciled to the Form 9.

Verification is an annual process that occurs between October 1<sup>st</sup> and December 15<sup>th</sup> of each year. A verification tracking form is being utilized during school year 2018-2019. We will continue use of this documentation to support the verification process. All necessary verification reports will be kept on file in both paper and electronic formatting.

Anticipated Completion Date: October 31, 2018

Hattie Johnson  
(Signature)

Food Service Director  
(Title)

3-21-19  
(Date)



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Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-005**

Contact Person Responsible for Corrective Action: Hattie Johnson  
Contact Phone Number: (812) 349-4762 ext. 40013

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

The Director of Business Operations in conjunction with the Director of Food Services will develop a process to address internal controls with regards to all Free and Reduced Price Applications in compliance with 2 CFR 200.303. All changes of Free and Reduced status will be reviewed by the Director of Food Service and the Food Service Field Coordinator and will be documented in paper and electronic format.

Verification is an annual process that occurs between October 1<sup>st</sup> and December 15<sup>th</sup> of each year. A verification tracking form is being utilized during school year 2018-2019. We will continue use of this documentation to support the verification process. All necessary verification reports will be kept on file in both paper and electronic formatting.

Completion Date: October 31, 2018

Hattie Johnson  
(Signature)

Food Service Director  
(Title)

3-21-19  
(Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-006**

Contact Person Responsible for Corrective Action: Dr. Kathleen Hugo  
 Contact Phone Number: (812) 330-7700

Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

Description of Corrective Action Plan:  
 The Director of Business Operations has modified the procurement policy to comply with 2 CFR 200.320. Contracts are attached to all purchase orders generated with the requirements of 2 CFR 200.320. In addition, price or rate quotations obtained from an adequate number of sources are attached, if applicable. The Director of Special Education verifies that no vendors have been Suspended or Debarred prior to procurement approval.

Completion Date: December 31, 2018

Kathleen Hugo  
 (Signature)

Director, Special Education  
 (Title)

3-21-2019  
 (Date)



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 Dr. Kathleen Hugo, Director of Special Education  
 Mr. John Kenny, Director of Business Operations  
 Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-007**

Contact Person Responsible for Corrective Action: Bill Luther, Dr. Markay Winston & Laura Threlkeld  
 Contact Phone Number: (812) 330-7700

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Grants Budget Manager has modified the internal control system to stay in compliance with 2 CFR 300.303 and 2 CFR 200.430(i). Personal Activity Reports are maintained by the Grants Budget Manager on a monthly basis and all expense reports related to Grants are sent to the Grants Budget Manager on a weekly basis for reconciliation purposes. All Certifications for a given Grant will be signed and dated in a timely manner.

Completion Date: October 31, 2018

\_\_\_\_\_  
 (Signature)

*Asst. Supt.*  
 \_\_\_\_\_  
 (Title)

*3-19-19*  
 \_\_\_\_\_  
 (Date)

*Bill Luther*  
 \_\_\_\_\_  
 (Signature)

*Grant Coordinator*  
 \_\_\_\_\_  
 (Title)

*3-19-19*  
 \_\_\_\_\_  
 (Date)

*Laura Threlkeld*  
 \_\_\_\_\_  
 (Signature)

*Program Manager*  
 \_\_\_\_\_  
 (Title)

*3-19-19*  
 \_\_\_\_\_  
 (Date)



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 Dr. Deb Prenkert, Director of Elementary Education  
 Dr. Kathleen Hugo, Director of Special Education  
 Mr. John Kenny, Director of Business Operations  
 Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-008**

Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
 Contact Phone Number: (812) 330-7700

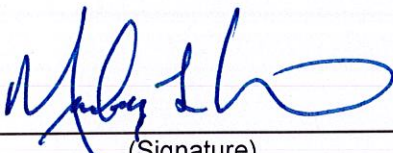
Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

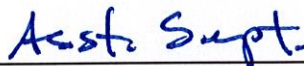
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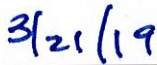
The Grants Budget Manager performs the following tasks:

- Reviews all grants reimbursement requests prior to submission. Ensures documentation supporting the amounts is provided and accurate.
- Maintains a monthly submission schedule for reimbursements so that we remain timely in our submissions.
- Reviews accounting postings on a weekly basis to grants for accuracy so that correcting journal entries are kept to an absolute minimum.

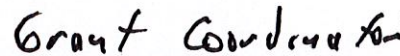
Completion Date: September 30, 2018

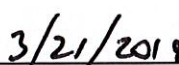
  
 (Signature)

  
 (Title)

  
 (Date)

  
 (Signature)

  
 (Title)

  
 (Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-009**

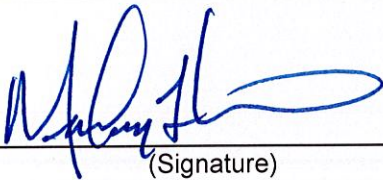
Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

Views of Responsible Official: We concur with the finding

**Description of Corrective Action Plan:**

The Grants Budget Manager has modified the internal control system to stay in compliance with 2 CFR 300.303 and 2 CFR 200.430(i). Personal Activity Reports are maintained by the Grants Budget Manager on a monthly basis and all expense reports related to Grants are sent to the Grants Budget Manager on a weekly basis for reconciliation purposes. All Certifications for a given Grant will be signed and dated in a timely manner.

Completion Date: October 31, 2018

  
\_\_\_\_\_  
(Signature)

*Asst. Supt.*  
\_\_\_\_\_  
(Title)

*3/21/19*  
\_\_\_\_\_  
(Date)

  
\_\_\_\_\_  
(Signature)

*Grant Coordinator*  
\_\_\_\_\_  
(Title)

*3/21/2019*  
\_\_\_\_\_  
(Date)



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Mrs. Martha Street, Member

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Dr. Deb Prenkert, Director of Elementary Education  
Dr. Kathleen Hugo, Director of Special Education  
Mr. John Kenny, Director of Business Operations  
Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-010**

Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

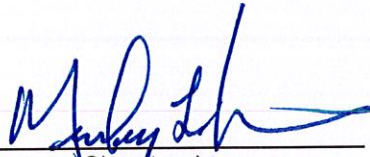
Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

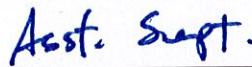
**Description of Corrective Action Plan:**

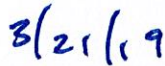
The Grants Budget Manager performs the following tasks:

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- Reviews accounting postings on a weekly basis to grants for accuracy so that correcting journal entries are kept to an absolute minimum.

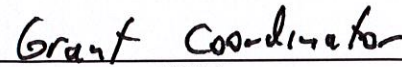
Completion Date: September 30, 2018

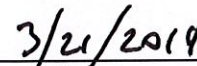
  
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(Signature)

  
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(Title)

  
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(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



**MONROE COUNTY  
COMMUNITY SCHOOL CORPORATION**

**ENGAGE. EMPOWER. EDUCATE.**

*Indiana "A" School Corporation  
2012, 2013, 2014, 2015, 2017*

**BOARD OF SCHOOL TRUSTEES**

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Mr. Tim Pritchett, Director of Technology

**CORRECTIVE ACTION PLAN**

**FINDING 2018-011**

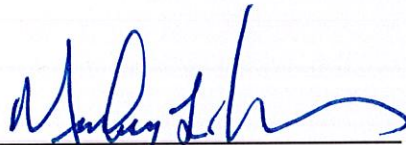
Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

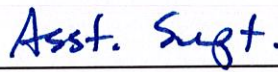
Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

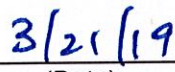
**Description of Corrective Action Plan:**

The Director of Business Operations has modified the procurement policy to comply with 2 CFR 200.320. Contracts are attached to all purchase orders generated with the requirements of 2 CFR 200.320. In addition, price or rate quotations obtained from an adequate number of sources will be attached, if applicable. The Grants Budget Manager will verify that no vendors have been Suspended or Debarred prior to procurement approval.

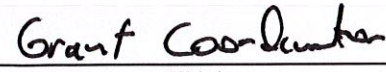
Completion Date: December 31, 2018

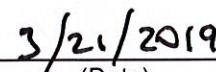
  
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(Title)

  
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(Date)

  
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(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-012**

Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

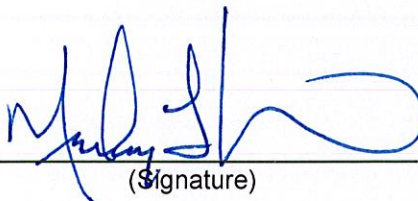
Description of Corrective Action Plan:

The Grants Budget Manager has adopted a locally developed written test security policy to ensure compliance with the Special Tests and Provisions – Assessment System Security compliance requirement.

The Corporation has modified its Test Security Protocol to be in line with the Indiana Assessment Program Manual, Chapter 13, Section 9, Part D.

The Corporation Test Coordinator will provide school personnel rosters of those mandated for training and obtain signatures of personnel for test compliance to agree to the personnel rosters.

Completion Date: December 31, 2018

  
(Signature)

Asst. Supt  
(Title)

3/22/19  
(Date)

  
(Signature)

Grant Coordinator  
(Title)

3/22/2019  
(Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-013**

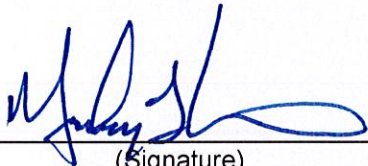
Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
 Contact Phone Number: (812) 330-7700

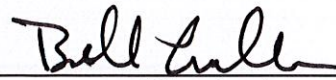
Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

**Description of Corrective Action Plan:**

The Grant Specialist completes semi-annual certifications or other documentation of personnel expenses for employees whose salaries were paid 100 percent out of the grant funds. Also, the Grant Specialist signs and dates the semi-annual certifications after the six month period is completed.

Completion Date: October 31, 2018

  
 \_\_\_\_\_  
 (Signature)  
 Asst. Supt.  
 \_\_\_\_\_  
 (Title)  
 3/21/17  
 \_\_\_\_\_  
 (Date)

  
 \_\_\_\_\_  
 (Signature)  
 Grant Coordinator  
 \_\_\_\_\_  
 (Title)  
 3/21/2017  
 \_\_\_\_\_  
 (Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-014**


Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

**Description of Corrective Action Plan:**

The Director of Business Operations has modified the procurement policy to comply with 2 CFR 200.320. Contracts are attached to all purchase orders generated with the requirements of 2 CFR 200.320. In addition, price or rate quotations obtained from an adequate number of sources are attached, if applicable. The Grant Specialist will verify that no vendors have been Suspended or Debarred prior to procurement approval.

Completion Date: December 31, 2018

  
(Signature)

Asst. Supt  
(Title)

3/21/19  
(Date)

  
(Signature)

Grant Co-ordinator  
(Title)

3/21/2019  
(Date)



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**CORRECTIVE ACTION PLAN**

**FINDING 2018-015**

Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

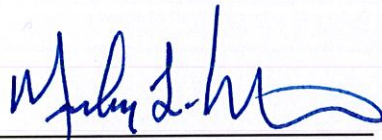
Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

**Description of Corrective Action Plan:**

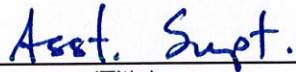
The Grants Budget Manager will perform the following tasks:

- Reviews all grants reimbursement requests prior to submission. Ensures documentation supporting the amounts is provided and accurate.
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- Reviews accounting postings on a weekly basis to grants for accuracy so that correcting journal entries are kept to an absolute minimum.

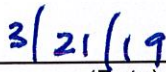
Completion Date: September 30, 2018



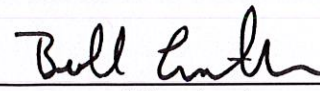
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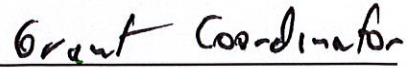
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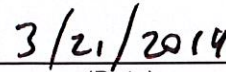
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(Date)



**MONROE COUNTY**  
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**CORRECTIVE ACTION PLAN**

**FINDING 2018-016**

Contact Person Responsible for Corrective Action: Bill Luther & Dr. Markay Winston  
Contact Phone Number: (812) 330-7700

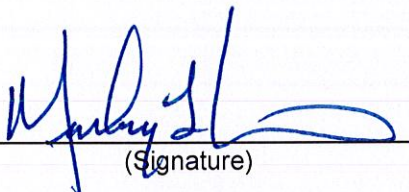
Views of Responsible Official: This finding from the prior audit was presented to the corporation on June 21, 2018 for the audit period 7/1/14 to 6/30/16. Due to the timing of this audit, there was no time to correct the finding prior to the completion of the subsequent audit period covering 7/1/16 to 6/30/18. This finding has been remediated as of the completion date shown below.

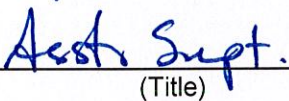
**Description of Corrective Action Plan:**

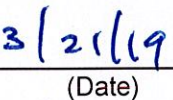
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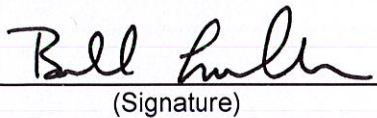
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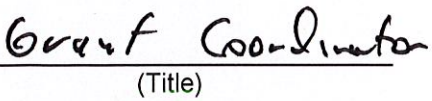
Completion Date: September 30, 2018

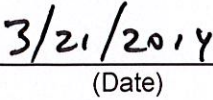
  
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\_\_\_\_\_  
(Date)

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

**PREPAID SCHOOL MEAL ACCOUNTS**

This is a repeat finding from the immediately prior Report B50490, entitled *PREPAID SCHOOL MEAL ACCOUNTS*.

Prepaid lunch receipts were not recorded into a Prepaid Lunch fund, but were instead accounted for within the School Lunch fund. This was implemented for fiscal year 2018-2019.

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts, which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 Other Food Services and receipt this into fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

MONROE COUNTY COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 21, 2019, with Dr. Judith DeMuth, Superintendent of Schools; John Kenny, Director of Business Operations; and Lois Sabo-Skelton, President of the School Board.