

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ALEXANDRIA COMMUNITY SCHOOL CORPORATION

MADISON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
06/12/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cheryl Harvey	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Melissa Brisco	07-01-16 to 06-30-19
President of the School Board	Larry Oliver Kyle Williams Penny Stevens Larry Oliver	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE ALEXANDRIA COMMUNITY SCHOOL  
CORPORATION, MADISON COUNTY, INDIANA

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

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

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

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

May 30, 2019

ALEXANDRIA COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2018-001***

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 Numbers and Years (or Other Identifying Numbers): FY 2017, FY 2018  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2016-002.

*Condition*

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Food Authority (SFA) Verification Summary Reports were accurate prior to submission. The Food Service Director prepared and submitted the reports with no oversight, review, or approval process.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

**FINDING 2018-002**

Subject: Special Education Cluster (IDEA) - Earmarking, Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-087-PN01, 14217-087-PN01  
18611-087-PN01, 45716-087-PN01  
45717-087-PN01, 18619-087-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking; Reporting

Audit Findings: Material Weakness, Other Matters

*Condition*

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

*Earmarking - Non-Public Proportionate Shares*

The School Corporation did not have internal controls in place to ensure that its expenditures were at least an amount that was the same proportion of the total subgrant as the number of nonpublic school students with disabilities within its boundaries was to the total of students with disabilities of the same age range.

The School Corporation did not meet the earmarking requirements for the 14217-087-PN01 and 45717-087-PN01 grant awards. Based on the documentation provided for non-public schools expenditures, the School Corporation expended \$4,650 less than the required amount that was set aside for the fiscal year 2017 grant application. A separate account line was not maintained in the ledger for a portion of the grant period to specifically identify services for non-public schools. Therefore, the expenses provided for non-public schools may not include all expenditures made during the grant period.

ALEXANDRIA COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Reporting - Proportionate Share Monitoring Reports*

The School Corporation did not have effective internal controls in place to ensure that Proportionate Share Monitoring Reports were accurate. The School Corporation was not able to provide adequate supporting documentation to support the amounts reported for special education and related services that were provided to students in non-public schools and facilities. A separate account line was not maintained in the ledger specifically for these expenses for a portion of the audit period. The School Corporation officials were not able to recalculate the amounts reported. Therefore, we were unable to determine the accuracy of the reports.

*Context*

The lack of controls was a systemic issue throughout the audit period. The noncompliance was isolated to the 2017 grant year.

*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. . . ."

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

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

2 CFR 200.302(b) states in part:

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

. . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting . . ."

ALEXANDRIA 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. . . ."

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

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above, and would have ensured that adequate documentation was maintained and available for audit.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement. Additionally, the failure to retain and provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Reporting compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the compliance requirements listed above. Additionally, we recommended that management of the School Corporation establish controls to ensure supporting documentation will be maintained and available for audit.

*Views of Responsible Officials*

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

**FINDING 2018-003**

Subject: Special Education Cluster (IDEA) - Procurement

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-087-PN01, 14217-087-PN01  
18611-087-PN01, 45716-087-PN01  
45717-087-PN01, 18619-087-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

ALEXANDRIA COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Condition*

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

*Procurement - Small Purchases*

The School Corporation did not establish proper internal controls over purchases that fall within the small purchases requirement, allowing noncompliance to go undetected. At least three price or rate quotes were not obtained from qualified sources and full and open competition was not provided.

*Procurement - Micro-Purchases*

The School Corporation also did not establish proper internal controls over purchases that fall within the micro-purchases requirement, allowing noncompliance to go undetected. Documentation was not provided to show that consideration was given to the reasonableness of prices of all purchases made by this method, and full and open competition was not provided.

*Context*

The lack of effective 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 200.318 states in part:

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

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

ALEXANDRIA COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase 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. . . ."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the compliance requirement listed above.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the compliance requirement listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

# Alexandria Community School Corporation

202 E. Washington Street, Alexandria, IN 46001 (765) 724-4496 Fax (765) 724-5049

Cheryl Harvey, Business Manager/Treasurer

## CORRECTIVE ACTION PLAN

### **FINDING 2018-001**

Contact Person Responsible for Corrective Action: Cheryl Harvey

Contact Phone Number: 765-724-4496

Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

The district will modify the Internal Control Plan to include the verification reports for the free and reduced students.

The Food Service Director will be required to certify 3% of the submitted F&R application. She will gather the information and then it will be determined if they qualify for F&R or not. The families will then be notified of any changes made on the student's status. The food director will fill out a report on line who she certified and what their status was

Before submitting the report the FSD will make a paper copy and give the paper report and supporting documents to the Business Manager to look over and if she agrees with the report she will sign it. If not, she and the Food Service Director will get together and correct it. When the Business Manager agrees with the FSD report...the FSD will submit the report.

Anticipated Completion Date: Beginning Immediately

  
(Signature)

Business Manager/Treasurer  
(Title)

May 16, 2019  
(Date)

# Alexandria Community School Corporation

202 E. Washington Street, Alexandria, IN 46001 (765) 724-4496 Fax (765) 724-5049

Cheryl Harvey, Business Manager/Treasurer

## CORRECTIVE ACTION PLAN

### **FINDING 2018-002**

Contact Person Responsible for Corrective Action: Cheryl Harvey  
Contact Phone Number: 765-724-4496

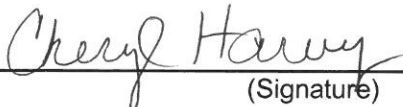
Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

The district has already implemented a system to identify the non-public expenses by using a separate cost center number for all their expenses. A report can be ran to get the entire list at any time.

The Business manager will present the list to Special Ed director at the time the proportionate share report is being completed. The Special Ed Director will complete the report and sign before presenting to the Business Manager. The Business Manager will make sure the documentation and the report match and will then sign prior to submitting. Copies will be kept for easy documentation to the SBOA.

Anticipated Completion Date: Beginning immediately

  
(Signature)

Business Manager/Treasurer  
(Title)

May 16, 2019

# Alexandria Community School Corporation

202 E. Washington Street, Alexandria, IN 46001 (765) 724-4496 Fax (765) 724-5049

Cheryl Harvey, Business Manager/Treasurer

## **FINDING 2018-003**

Contact Person Responsible for Corrective Action: Cheryl Harvey  
Contact Phone Number: 765-724-4496


Views of Responsible Official: We concur with the finding

### Description of Corrective Action Plan:

The Business Manager was not completely aware of the Federal Procurement rules. The SBOA sent her the presentation they had to help explain it all. The District will add this to the Internal Controls and will inform anyone that is in charge of purchasing of the rules. The Accounts Payable clerk and the Business Manager will verify that supporting documentation is presented to verify the correct procedure were followed. The Business Manager will keep information on the procedures followed for documentation.

Items under \$3500 will be purchased using the equitable distribution process  
Items \$3500-\$150,000 will be decided after getting at least 3 quotes or from a State contract.  
Items over \$150,000 will be purchased with a bidding process.

Anticipated Completion Date: Beginning immediately

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

Business Manager/Treasurer  
(Title)

May 16, 2019  
(Date)

ALEXANDRIA COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2019, with Dr. Melissa Brisco, Superintendent of Schools; Cheryl Harvey, Treasurer; and Larry Oliver, President of the School Board.