

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

MADISON CONSOLIDATED SCHOOLS

JEFFERSON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
07/08/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Danica Houze	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Ginger Studebaker-Bolinger	07-01-14 to 06-13-17
	William H. Narworld (interim)	06-14-17 to 11-30-17
	Dr. Jeffery T. Studebaker (interim)	12-01-17 to 06-30-18
	Dr. Jeffery T. Studebaker	07-01-18 to 06-30-21
President of the School Board	Todd Bass	01-01-14 to 12-31-14
	Joyce Imel	01-01-15 to 12-31-17
	Carl Glesing	01-01-18 to 12-31-18
	Rob Kring	01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE MADISON CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

This report is supplemental to our audit report of the Madison Consolidated Schools (School Corporation), for the period from July 1, 2016 to June 30, 2018. It has been provided as a separate report so that the reader may easily identify any Federal Findings 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 22, 2019

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS

***FINDING 2018-001***

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

*Condition*

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

*Payroll Approval*

Procedures were not in place at the School Corporation which would have ensured review and approval of gross payroll transactions by the Treasurer and the School Board of Trustees. Multiple gross payroll transactions were omitted from the payroll docket reports presented to the Treasurer and the Board of School Trustees for review and approval.

*Context*

The lack of controls and noncompliance were systemic issues, 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:

"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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; . . ."

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

*Cause*

Management had not established a proper system of internal control to ensure compliance with claims approval requirements.

*Effect*

The failure to establish controls could have enabled misstatements or irregularities to remain undetected and enabled noncompliance with claims approval requirements to occur.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to financial transactions and reporting and to ensure that payroll transactions are properly approved.

*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: Child Nutrition Cluster - Allowable Costs/Cost Principles  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance 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.

Some School Corporation expenditures were not in compliance with the Allowable Costs/Cost Principles compliance requirement. Time cards for custodians paid from the program did not indicate the hours worked for the Child Nutrition Cluster programs and some time cards for program employees were not approved by their supervisor.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*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:

(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 that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with 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 2018-003**

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

*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 Program Income compliance requirement.

Reported program income was different from calculated program income for each audit year.

A monthly spreadsheet was prepared by the Nutrition and Wellness Coordinator to summarize the amounts to be posted as receipts to the School Corporation's School Lunch fund; however, there were no documented internal controls over the preparation of the spreadsheets. There also was no documented comparison of the amounts from the sales reports to the amounts recorded in the School Lunch fund.

A Prepaid Food Account, Fund 8400, was established to account for prepaid food, but the account was not being reconciled to the detail of account balances. Funds received for student accounts were remitted to the Extracurricular Treasurers, who accounted for those funds in their ledgers, and then turned those funds over to the School Corporation to be recorded in the School Corporation's Prepaid Food fund. The School Corporation did not have a monitoring process in place to ensure there were adequate internal controls over the receiving of funds at the individual schools, and the process of the funds being turned over to the School Corporation.

*Context*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(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). . . ."

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."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

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; . . ."

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

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)

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2018-004**

Subject: Child Nutrition Cluster - Reporting  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Condition*

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

Documentation to support the number of applications and students approved for free or reduced meals, and reported on the School Food Authority (SFA) Verification Summary Reports for fiscal years 2016-2017 and 2017-2018, was not presented for audit, and could not be readily determined.

There was an \$80,468 misclassification between labor and miscellaneous expenditures on the 2016-2017 Annual Financial Report (AFR). The Food Service Director was unable to provide documentation which reconciled this misclassification.

Utility payments totaling \$64,034 were reported as indirect costs in error on the 2017-2018 AFR. The School Corporation did not charge indirect costs to the program. The School Corporation charged utility payments as direct costs to the program using a calculation determined by the square footage of the cafeterias. These costs should have been reported as direct costs.

*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:

(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 245.6a(h) states in part:

"*Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . ."

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 Department of Education's General Instructions: Annual Financial Report states:

"All data reported is on a School Food Authority basis. It should include all financial transactions from July 1 through June 30, thereby accurately reflecting the financial position of the School Food Service Fund as of June 30. Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

The income total and expense total boxes should agree exactly with total revenues and total expenditures recorded in the SFA's accounting records. All expenses need to be allocated appropriately to all existing programs."

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance 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 and comply 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 2018-005**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification  
of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free  
and Reduced Price Applications (NSLP)

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 the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

Changes were not properly made to eligibility status based on documentation submitted in some cases tested. The School Corporation did not properly determine income when performing verifications of free and reduced price applications for the audit period. We tested 5 of the 27 applications verified by the School Corporation. Our testing found an instance where the net amount of income was used when determining eligibility instead of the gross amount, and this mistake was not corrected upon second review. Additionally, an instance was noted where the year-to-date income amount on the paystub dated October 27, 2017, was over the income limit for reduced price meals.

*Context*

The lack of controls and noncompliance were systemic issues, 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). . . ."

7 CFR section 245.6a(f)(7) states in part: "*Eligibility changes*. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. . . ."

*Cause*

Management had not developed a system of controls that would have ensured compliance with 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 placed the School Corporation in non-compliance 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 to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Views of Responsible Officials*

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

*Auditor's Response*

Our testing of documentation provided for audit of verification of free and reduced price meal applications indicated two instances where the net pay was used instead of the gross pay to determine eligibility status.

One was in fiscal year 2016-2017, where reduced price meal status should have been changed to paid status if gross pay was used. Documentation presented indicated income from more than one source at different intervals. In this situation the incomes should be projected to an annual amount for proper determination of status.

The other was in 2017-2018, where a free status should have been changed to paid status. The pay stub with this application indicated year-to-date gross pay of approximately \$30,000 over the level for reduced status.

***FINDING 2018-006***

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number is 2016-003.

*Condition*

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

The School Corporation's suspension and debarment policy was not effective. There was no evidence the suspension and debarment status was verified for three of the four vendors tested. There was no evidence of an oversight by another person that each vendor was correctly categorized as not suspended or debarred.

*Context*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(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 180.300 states:

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

You do this by:

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

*Cause*

Management had not developed an effective internal control system that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and Procurement and Suspension and Debarment 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 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.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-007***

Subject: Special Education Cluster (IDEA) - Internal Controls

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): 14215-158-PN01, 45715-158-PN01,  
14216-127-PN01, 45716-127-PN01,  
14217-127-PN01, 45717-127-PN01,  
18611-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Cash Management; Matching,  
Level of Effort, Earmarking; Period of Performance

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

*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 compliance requirements listed above.

*Activities Allowed or Unallowed*

Activities charged to the grant program as recorded in the ledger were not properly reviewed by management. An employee was reviewing the reimbursement requests to make sure the backup documentation and the request matched each other numerically, but not in detail to determine if the activities charged were allowable.

*Cash Management*

Cash reimbursements requested were completed by one individual and reviewed by another individual; however, the control was not properly implemented. One reimbursement request reported expenditures that had not yet been expended at the time of the request. A preparer and a reviewer had signed the request.

*Matching, Level of Effort, Earmarking*

The maintenance of effort calculations required under the level of effort compliance requirements were completed by one individual without an oversight, review, or approval process to ensure the calculation was proper.

The School Corporation was required to expend at least an equivalent amount of monies on nonpublic school children as it did for children within the School Corporation's public schools for earmarking. The report was only reviewed for completeness and not to agreement with the supporting documentation.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Period of Performance*

Expenditures charged to the grant program as recorded in the ledger were not properly reviewed by management. Reimbursement requests were reviewed to make sure the supporting documentation and the requests matched each other numerically, but not in detail to determine if the expenditures charged were within the period of performance as determined from the grant agreement.

*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*

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-008***

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

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): 14215-158-PN01, 14216-127-PN01,  
14217-127-PN01, 18611-127-PN01,  
45715-158-PN01, 45716-127-PN01,  
45717-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

*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.

The School Corporation did not maintain records to accurately reflect the work performed related to Special Education programs. Records documenting time and effort related to salaries and wages charged to federal awards were not presented for audit.

*Context*

The lack of controls and noncompliance were systemic issues 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). . . ."

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

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; . . .
- (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 control that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles compliance requirement.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Views of Responsible Officials*

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

**FINDING 2018-009**

Subject: Special Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-158-PN01, 45715-058-PN01,  
14216-127-PN01, 45716-127-PN01,  
14217-127-PN01, 45717-127-PN01,  
18611-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement. Supporting documentation used from the School Corporation's student management software system was not retained to support the December 1 child count of students eligible for special education and related services for fiscal year 2016-2017 and fiscal year 2017-2018. These reports are uploaded into the STN website, which then formulates the report submitted to the Indiana Department of Education each December that is later used in the annual grant application to help determine other compliance requirement obligations, and the overall funding for the program.

*Context*

The lack of controls and noncompliance were systemic issues 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). . . ."

MADISON CONSOLIDATED SCHOOLS  
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. . . ."

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 7-46-1 states in part:

"(a) On December 1 of each year, each public agency must count the number of students:

- (1) eligible for special education and related services; and
- (2) receiving services on that date.

If December 1 is not a school or program day, the closest instructional day must be used for the count. . . .

(c) The child count report must include the following:

- (1) A count of students enrolled on December 1 in a school or program operated by a public agency that provides students with either:
  - (A) special education and related services that meet the standards of this article; or
  - (B) only special education services if related services are not necessary for the students to benefit from special education.
- (2) A count of students with disabilities enrolled by their parents in nonpublic schools who are eligible for special education and related services and receive special education or related services, or both, in accordance with 511 IAC 7-34, provided must meet the standards of this article.
- (3) A count of students specified by age on the child count date from three (3) years of age through the school year in which the students become twenty-two (22) years of age within each disability category.
- (4) Students placed in nonpublic residential special schools under 511 IAC 7-42-13.  
. . ."

*Cause*

Management had not developed an effective internal control system that would have ensured compliance with the Reporting compliance requirement.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance 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 2018-010**

Subject: Title I Grants to Local Educational Agencies - Eligibility

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): S010A150014 S010A160014  
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-006.

*Condition*

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

Sufficient appropriate audit evidence could not be obtained to verify the information used to determine Eligibility for Title I was accurate. The School Corporation was not able to retrieve the October 1st Real Time reports for prior fiscal years 2015-2016 and 2016-2017.

*Context*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(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 200.333 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 Eligibility compliance requirement.

*Effect*

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

*Views of Responsible Officials*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

***FINDING 2018-011***

Subject: Title I Grants to Local Educational Agencies - Procurement  
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): S010A150014, S010A160014,  
S010A170014  
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 finding from the immediately prior audit report. The prior audit finding number was 2016-008.

*Condition*

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

The School Corporation did not establish procedures regarding procurements. Price or rate quotes for purchases of goods or services costing between \$3,500 and \$150,000, which fell under the small purchase procedures, were not invited.

*Context*

The lack of controls and noncompliance were systemic issues, 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). . . ."

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. . . ."

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

(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. . . ."

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. . . .

(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 noncompetitive 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*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with 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 - 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): S010A150014, S010A160014,  
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-007.

*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.

Personal activity reports (PAR) or other supporting documentation for time worked on and allocated to the Title I program were not presented for the Title I Compliance/Instructional Specialist for fiscal year 2016-2017.

Semi-Annual Certifications or other supporting documentation were not presented for the interventionist positions charged to the Title I program for 2016-2017 or for the six month period ending December 31, 2017.

Multiple payroll adjustments were made in the Title I funds without documentation as to why these adjustments were made. Some payroll adjustments were for a prior fiscal year or from the beginning of a fiscal year. There was no evidence these payroll adjustments were reviewed or approved by another School Corporation employee. The payroll adjustments were included on the School Corporation's expenditure reports.

*Context*

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

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(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 200.430(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 allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

*Cause*

Management had not developed a system of internal control that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles 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 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 2018-013**

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): S010A150014, S010A160014,  
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Period of Performance, Special Tests and Provisions - Participation  
of Private School Children, Special Tests and Provisions -  
Assessment System Security

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report regarding Period of Performance and Special Tests and Provisions - Participation of Private School Children. The prior audit finding number was 2016-006.

*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 compliance requirements listed above.

*Period of Performance*

The School Corporation had not established a system of internal control to ensure all costs were incurred during the period of performance. Adjustments were made moving expenditures between grant funds with no evidence of an oversight, review, or approval process.

MADISON CONSOLIDATED SCHOOLS  
FEDERAL FINDINGS  
(Continued)

*Special Tests and Provisions - Participation of Private School Children*

The School Corporation had not established a system of internal control to ensure activities and amounts committed to private schools were monitored by the School Corporation to determine if expenditures were for appropriate activities.

*Special Tests and Provisions - Assessment System Security*

The School Corporation had not established a system of internal controls to ensure monitoring of Assessment System Security occurred and was adequate.

*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*

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

*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 listed above.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

Rob Kring, President  
Jodi Yancey, Vice-President  
Larry Henry, Secretary  
Joyce Imel, Member  
Jeanne Dugle, Member



2421 Wilson Avenue  
Madison, IN 47250  
Phone: 812-274-8001

*Educating All Students to Reach Their Potential*

## CORRECTIVE ACTION PLAN

**General View of Responsible Official:** In reference to the repeat findings from the prior audit period; the prior audit report was issued on August 1, 2018, which was after the current audit period ending June 30, 2018. Therefore, it was impossible to correct the prior year audit findings for the current audit period.

### ***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & HR  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

There were procedures updated to ensure all documents ran from the payroll system will include all transactions. Two reports will be processed to verify all employees are included.

Anticipated Completion Date: June 4, 2019

### ***FINDING 2018-002***

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All custodians paid from the program will complete a time card indicating the hours worked for the program year-round.

All employees paid out of the program will complete a time card indicating the hours worked. The time cards will be examined and approved by signature by Director or Coordinators of the program.

Anticipated Completion Date: August 1, 2019

### ***FINDING 2018-003***

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Nutrition and Wellness Coordinator and Assistant Coordinator has proper segregation of duties documented in the job description. The Nutrition and Wellness Coordinator and Assistant Coordinator will work together to maintain an effective internal control system in compliance with the grant agreement and the program income compliance requirement.

The monthly program income spreadsheet that is created by Nutrition and Wellness Coordinator will be reviewed and signed off by the Assistant Coordinator prior to submission to the Treasurer.

The prepaid food account, Fund 8400, will be reconciled by the Coordinator and reviewed by the Assistant Coordinator to ensure the receipts of student accounts are accurately recorded by the Treasurer.

Anticipated Completion Date: August 1, 2019

***FINDING 2018-004***

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Nutrition and Wellness Coordinator and the Assistant Coordinator will work together to allow proper segregation of duties and internal control to ensure compliance to comply with the grant agreement and the reporting compliance requirements.

The Assistant Coordinator will prepare verification summary reports with the number of applications and students approved for free or reduced meals. The Nutrition and Wellness Coordinator will review and approve the verification summary report.

The Nutrition and Wellness Coordinator will prepare the annual financial report. All expenses will be allocated appropriately and utility costs will be reported as direct costs. The Assistant Coordinator will review and approve the annual financial report.

Anticipated Completion Date: August 1, 2019

***FINDING 2018-005***

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We disagree with the finding.

Description of Corrective Action Plan:

The income on applications submitted in July was different than the income verification provided in October. A follow-up phone call was made to the family to verify a check stub for pay frequency. Gross pay by month and household size results in the continuance of free status per Income Eligibility Guidelines. Following the rules of the USDA application processing and verification procedures, the Assistant Coordinator was in compliance.

The Assistant Coordinator will process and determine eligibility of applications with review and approval from Nutrition and Wellness Coordinator. Verification will be completed by the Assistant Coordinator and reviewed by the Nutrition and Wellness Coordinator. The eligibility for meal benefits will be determined by gross income from the meal application.

Anticipated Completion Date: August 1, 2019

**FINDING 2018-006**

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The school corporation adopted a policy on procurement, suspension, and debarment on December 14, 2016. The Nutrition and Wellness Coordinator and Assistant Coordinator will document that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing. The Deputy Treasurer will verify before payment is made.

Anticipated Completion Date: August 1, 2019

**FINDING 2018-007**

Contact Person Responsible for Corrective Action: Angela Vaughn, Director of Special Education & Support Services  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The expenditure reports will be processed monthly and approved by the Director of Special Education to ensure all activities are allowed. There will be expenditure reports kept with each reimbursement request with detail to ensure that all activities were allowed. The cash reimbursements will be reviewed and prepared by two separate individuals with supporting documentation to ensure all reimbursements requested have occurred and were during the period of performance. The maintenance of effort calculations will be prepared by the Treasurer and will be reviewed by the Director of Finance & HR, as well as the Director of Special Education to ensure the calculation is completed properly.

Anticipated Completion Date: June 4, 2019

**FINDING 2018-008**

Contact Person Responsible for Corrective Action: Angela Vaughn, Director of Special Education & Support Services  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Proper time and effort logs will be maintained by all employees paid partially from the Federal Special Education Grants. All time and effort logs will be reviewed by the Director of Special Education. All employees paid 100% by the Federal Special Education Grants will have a semiannual certification completed and signed by their supervisors to be kept on file by the Treasurer.

Anticipated Completion Date: June 4, 2019

**FINDING 2018-009**

Contact Person Responsible for Corrective Action: Angela Vaughn, Director of Special Education & Support Services

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

When completing the Special Education December 1 count all supporting documentation will be maintained with the final report that is submitted to the DOE. This documentation will be reviewed and signed on the final report kept on file with the Secretary to the Superintendent.

Anticipated Completion Date: June 4, 2019

**FINDING 2018-010**

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Supporting documentation will be kept that is used to determine Eligibility for Title I. The Title I Compliance Specialist will verify the information for accuracy and keep documentation of the review.

Anticipated Completion Date: June 4, 2019

**FINDING 2018-011**

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Procurement, suspension, and debarment procedures will be implemented for all purchases made with federal funds. Documentation will be maintained to meet the requirements of the three different methods of procurement.

Anticipated Completion Date: July 1, 2019

**FINDING 2018-0012**

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Proper time and effort logs will be maintained by all employees paid partially from Title I. All time and effort logs will be reviewed by the Director of Elementary Education. All employees paid 100% by Title I

will complete a semiannual certification and approved by the supervisor or the Title I Compliance Specialist to be maintained by the Treasurer. All future payroll adjustments will be reviewed and approved by a second person to ensure accuracy and approval. This documentation will also be maintained.

Anticipated Completion Date: June 6, 2019

**FINDING 2018-013**

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education  
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Expenditure reports will be processed monthly and approved by the Title I Compliance Specialist that all activities are allowed and within the period of performance. Internal controls have been established to ensure private schools' amounts are monitored for appropriate activities within their expenditures. The Testing Coordinator will create procedures to ensure all assessment security is in place and monitored with proper documentation kept.

Anticipated Completion Date: August 1, 2019

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

Director of Finance & Human Resources  
(Title)

5/22/19  
(Date)

MADISON CONSOLIDATED SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on May 22, 2019, with Danica Houze, Treasurer; Bonnie Hensler, Director of Finance and Human Resources; Jodi Yancey, Vice President of the School Board; and Dr. Jeffery T. Studebaker, Superintendent of Schools.