

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SCOTT COUNTY SCHOOL DISTRICT 1

SCOTT COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
01/06/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kathie Bowling	07-01-12 to 06-30-17
Superintendent of Schools	Berley Goodin	07-01-12 to 06-30-13
	Robert Anderson	07-01-13 to 06-30-19
President of the School Board	Joie Bukowski	07-01-12 to 12-31-12
	Darlene Hall	01-01-13 to 12-31-13
	Linda Spicer	01-01-14 to 12-31-14
	Kathy Morris	01-01-15 to 12-31-15
	Joie Bukowski	01-01-16 to 12-31-16



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TO: THE OFFICIALS OF THE SCOTT COUNTY SCHOOL DISTRICT 1, SCOTT COUNTY, INDIANA

This report is supplemental to our audit report of the Scott County School District 1 (School Corporation), for the period from July 1, 2012 to June 30, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments 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 Results and Comments contained herein describe the identified reportable instances 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 Results and Comments, incorporated within this report, were not verified for accuracy.

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

November 9, 2016

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS

**FINDING 2014-001 - INTERNAL CONTROLS AND NONCOMPLIANCE
OVER FINANCIAL TRANSACTIONS AND REPORTING**

Condition

The School Corporation did not have a proper system of internal controls in place to ensure accuracy in financial reporting. Several deficiencies in the internal control system related to financial transactions and reporting were identified as follows:

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, disbursements, and financial reporting.

Receipts: Different office personnel were assigned the responsibility for issuing receipts for different collection areas. These individuals issued the receipts for the collection area, posted the receipts, and prepared and made the bank deposit without any oversight. The same individual that prepared the bank reconciliation was also responsible for issuing receipts for some collection areas. The bank reconciliation and receipts were not reviewed by another individual to ensure the accuracy and proper accountability of activity. Adjustment transactions were recorded to the financial records without oversight approval to verify validity of the adjustments.

Vendor Disbursements: In some instances, the person responsible for preparing the bank reconciliation also processed the disbursements transactions and issued checks. Adjustment transactions were recorded to the financial records without oversight approval to verify validity of the adjustments.

Payroll Disbursements: The same individual responsible for entering new employees and terminating employees within the payroll system also entered the pay rates, processed payroll disbursement transactions, issued payroll checks, entered banking information for electronic payments, and made electronic payroll deposits.

Financial Reporting: The Financial Report was prepared by one individual without any oversight or review to ensure the accuracy of the information reported.

2. Monitoring of Controls: The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the School Corporation to monitor and assess the quality of the system of internal control.
3. Procedures were not in place to review and monitor financial transactions and budgets in order to ensure activity was recorded to the proper expenditure account and/or fund.
4. Procedures were not in place to perform reconciliations of control accounts with the supporting detailed subsidiary records to ensure financial activity was properly recorded.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Context

The failure to have adequate controls over financial transactions and reporting resulted in errors in financial reporting. As a result of the volume of errors identified during the audit process and uncorrected beginning fund balances, a disclaimer of opinion was issued on the financial statements. The following misstatements or irregularities were identified as indicated below:

1. Financial activity was not properly classified to the proper expenditure account and/or recorded in the proper fund. Several funds had deficit balances as the result of the incorrect recording of financial activity. Expenditures were reported in several federal grant funds in excess of the approved grant award amounts resulting in deficit fund balances. No additional grant monies will be received to offset the deficit balances which will have to be absorbed by other funds.
2. The Payroll fund included various payroll withholding control accounts that incorrectly contained deficit balances or reported a balance representing amounts owed for withholdings at year end when no amounts were actually due.
3. Proper documentation was not maintained to support time worked and verification that employees actually performed the services for which they were being compensated. Eight instances were noted where the rates of compensation paid to employees could not be verified as being paid at authorized rates. No controls were identified to show that anyone was verifying the accuracy of rates paid back to an approved contract or salary schedule. Procedures were not in place to ensure biweekly payroll activity was properly entered and processed through the payroll application system to ensure that all relevant data, such as, total contract amount paid to date, leave time taken, etc., was properly updated within the system.
4. Monies collected for prepayment of school meals were incorrectly reported within the School Lunch fund instead of a Prepaid Food fund to separately account for monies being held on behalf of students.
5. Adjustment transactions were recorded to the financial records without supporting documentation as to why the adjustment was made.

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditor's Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Clearing account number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 and 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by students). Subsidiary records by student should be routinely reconciled to the cash balance at month end. (The School Administrator and Uniform Compliance Guidelines, Volume 183, September 2008)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Cause

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial reporting and transactions.

Financial activity was not reviewed for reasonableness and proper recording.

Effect

The failure to establish and monitor the internal control system resulted in controls either not being designed properly or operating effectively to provide assurance of the prevention, or detection and correction of misstatements in a timely manner. Numerous errors were identified in financial recording and reporting resulting in a disclaimer of opinion on the financial statements.

Failure to reconcile the payroll control account with subsidiary records could have resulted in the incorrect payment of withholding and the improper financial reporting of amounts owed.

Failure to properly maintain records of hours worked and the related approval verifying the employee worked could have resulted in the incorrect compensation paid to employees and fraudulent activity to go undetected. Failure to properly document time worked by employees could have resulted in noncompliance with federal and state regulations and result in fines and penalties assessed the School Corporation for failure to comply.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Loss of revenue could have occurred to the School Corporation due to the failure to reconcile the School Lunch subsidiary records with the financial activity reported in the control account in the financial records. Financial activity could have been processed through the student accounts in the subsidiary record that was not being identified and accounted for in the financial records.

Views of Responsible Officials

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

FINDING 2014-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). As a result, material misstatements of the SEFA remained undetected. The Treasurer prepared the SEFA; however, there were no controls in place to verify the accuracy of the information prior to submission.

Context

Financial activity was incorrectly reported on the SEFA. For the 2012-2013 school year, federal grant program activity was reported based upon grant fund disbursement transactions and in the 2013-2014 school year the activity was reported based upon receipts to the federal grant funds. Federal grant financial activity related to the Child Nutrition Cluster was omitted from the SEFA for both school years. Amounts reported on the SEFA by the School Corporation were understated by \$615,401 and \$981,269 for the 2012-2013 and 2013-2014 school years, respectively.

Audit adjustments were proposed, and accepted by the School Corporation, and made to the SEFA, to match amounts identified as received based upon third-party information. However, we could not determine if the amounts received were for the proper amounts.

Criteria

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Failure to have a proper system of internal control in place that operated effectively enabled material misstatements of the SEFA to remain undetected.

Views of Responsible Officials

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

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

FINDING 2014-003 - INTERNAL CONTROLS AND NONCOMPLIANCE OVER TITLE I, PART A CLUSTER

Federal Agency: Department of Education

Federal Programs: Title I Grants to Local Educational Agencies, ARRA - Title I Grants
to Local Educational Agencies, Recovery Act

CFDA Numbers: 84.010, 84.389

Federal Award Numbers and Years (or Other Identifying Numbers): FY 12-7230, FY 13-7230,
FY 14-7230, FY12

Pass-through Entity: Indiana Department of Education

Condition

The School Corporation used fund accounting to account for project receipts and expenditures. A separate fund should be established for each project and the fund should reflect only the financial activity for a particular federal project.

The School Corporation did not have controls in place to properly monitor financial activity related to federal projects as described below:

1. Financial activity associated with federal projects was not properly recorded in the financial records. A review of financial activity recorded in the various funds established to record federal grant projects activity showed a commingling of financial activity within a single fund consisting of monies transferred from local funds to federal funds.

Numerous transfers were attributed to the School Corporation recording expenditures in excess of the federal award amounts resulting in a deficit cash balance for various federal project funds. The School Corporation then transferred monies from local funds to eliminate or decrease the deficit balance. The transfers would often times be made in the subsequent school year and no documentation was presented for audit identifying the specific expenditures that were being reimbursed by the transfer.

2. A separate federal project fund should be established for each project year. However, there were instances of financial activity for multiple federal project years being recorded in one federal project fund without making a distinction of which costs were associated with a particular federal project year.

Context

The above accounting for federal projects also affected the School Corporation's ability to effectively monitor compliance with requirements for the individual federal project within a federal program. As a result of monies from local sources and multiple grant project years being commingled, we were unable to test compliance with the following grant program requirements:

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

A test of compliance of activities allowed and allowable costs could not be performed. We were unable to determine which expenditures were associated with each project year in order to determine that the expenditures were in compliance with the project year's budgeted activities as approved by the pass-through entity. Additionally, due to the commingling of federal and local funds we were not able to distinguish which costs were paid from federal and/or local sources. If unallowable costs or activities were to be identified we would not be able to determine if federal monies were associated with the unallowable costs. Total expenditures for the Title I, Part A Cluster were \$874,795.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Cash Management

A test of compliance for cash management could not be performed due to the coming of financial activity associated with federal funds and local sources. We were unable to determine if costs recorded in the records were incurred prior to reimbursement request.

Period of Availability

A test of compliance for period of availability could not be performed due to the comingling of financial activity associated with federal funds and local sources. We were unable to determine which expenditures were associated with a particular project year in order to determine if the costs were incurred within the allowable time period established in the grant agreement for the project year.

Level of Effort and Earmarking

A test of compliance for level of effort could not be performed due to the commingling of financial activity associated with federal funds and local sources. The financial records incorrectly identified monies associated with local sources as being used for federal programs thus understating expenditures made from local sources and inflating expenditures related to federal funds. Earmarking compliance requirements associated with programs for homeless children as outlined in the budget approved by the pass-through entity could not be tested as a result of the comingling of financial activity.

Reporting and ARRA Reporting

Testing of compliance with reporting related to request for advance or reimbursement, ARRA reporting, and annual final expenditure reporting as required by the pass-through entity could not be performed as we were unable to identify the financial activity associated with each project year to determine that the total project costs as reported to the pass-through entity were accurate. Furthermore, expenditures were made from federal project funds in excess of the federal project award amounts.

Special Tests and Provisions - Budget Modification Approval

The agreement with the pass-through entity established a budget for allowable costs and activities under the grant project and required approval for any line item budget modifications in excess of 10 percent. Testing of compliance with the grant approved budget and approval of budget modifications could not be performed as we were unable to distinguish which costs were associated with which project year budget and which costs were associated with the federal funds versus local sources.

Special Tests and Provisions - Title I ARRA Funds Reported Separately

A test of compliance for reporting Title I ARRA federal funds separately could not be performed due to the commingling of financial activity associated with federal funds and local sources. The Title I ARRA fund had a deficit cash balance of \$101,239 as of June 30, 2014. There were no additional federal monies received to the fund subsequent to July 12, 2012, and no indication that additional federal monies will be received.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Questioned Costs

Because we were unable to test the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements, all costs associated with the Title I, Part A Cluster in the amount of \$874,775 were considered to be questioned costs.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash . . . and must assure that it is used solely for authorized purposes.
- (4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts of each grant . . .
- (5) *Allowable cost.* Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

2 CFR 176.210(a) states:

"To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act) as required by Congress and in accordance with 2 CFR [215.21](#) 'Uniform Administrative Requirements for Grants and Agreements' and OMB Circular A-102 Common Rules provisions, recipients agree to maintain records that identify adequately the source and application of Recovery Act funds. OMB Circular A-102 is available at <http://www.whitehouse.gov/omb/circulars/a102/a102.html>."

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation or the potential repayment of funds identified as questioned costs.

Recommendation

We recommended that the management of the School Corporation establish separate funds for each grant project in order to properly account for the activity associated with each project. The financial activity for each grant project year should be monitored in order to determine expenditures and activities are in compliance with the approved federal grant budget or any modification of budget amounts are approved by the pass-through entity. Any costs in excess of the grant award budget amounts should be paid from funds established for local sources. Controls should be established to ensure compliance with grant program requirements and reasonable assurance to detect errors. If the School Corporation wishes to consolidate monies for the operation of the federal program, approval and guidance should be obtained from the pass-through entity.

Views of Responsible Officials

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

***FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - ANNUAL
REPORT CARD, HIGH SCHOOL GRADUATION RATE***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 12-7230, 13-7230, 14-7230

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Special Test and Provision - Annual Report Card, High School Graduation Rate compliance requirement.

Context

The School Corporation reported that 19 students were removed from the 2014 graduation cohort during the audit period. For 5 of the 19 students that were removed, there was no written documentation available to verify that the student was removed from the graduation cohort due to a transfer out, emigration to another country, incarceration, or death.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 200.19(b)(ii) states in part:

". . . (B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

- (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.
- (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort."

Cause

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

Effect

The failure to establish internal controls enabled material 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, including segregation of duties, related to the grant agreement and 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.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

**FINDING 2014-005 - INTERNAL CONTROLS OVER TWENTY-FIRST
CENTURY COMMUNITY LEARNING CENTERS**

Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Numbers and Years (or Other Identifying Numbers): FY12, FY13, FY14
Pass-through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting.

Context

One individual prepared and submitted the reimbursement requests. No controls were in place to ensure that all expenses claimed were for allowable activities, that the expenses were paid prior to requesting reimbursement, that expenses were incurred within the period of availability, and amounts reported agreed with the School Corporation's financial records.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

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

Effect

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation or the potential repayment of funds received.

Questioned Costs

There were no questioned costs identified.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended the School Corporation's management design, establish, and implement controls related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

View of Responsible Officials

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

FINDING 2014-006 - 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 Years (or Other Identifying Numbers): FY12, FY13, FY14

Pass-through Entity: Indiana Department of Education

Condition

The School Corporation did not have controls in place to properly monitor financial activity to determine if costs charged to the program were allowable costs in accordance with the Allowable Costs/Cost Principles compliance requirement. The lack of controls resulted in costs charged to the grant program that were not properly documented or considered unallowable costs under the program.

Context

The following problems were identified with costs charged to the grant program:

1. Transportation costs in the amount of \$17,124 were charged to the grant program with no documentation to support the costs charged.
2. Costs in the amount of \$21,674 were charged to the grant program Personnel budget category for bus driver salaries. Per the approved grant program budget, bus driver salaries were to be included in the Transportation budget category. Per the grant application budget, funds disbursed from the Personnel budget category were to be used for administrative and instructional salaries. No records were presented to indicate that an approved budget modification had been received.
3. The May 2012 and June 2014 reimbursement requests included salary and fringe benefit amounts that did not directly correspond to the transactions recorded in the financial records. Adjustments were made to personnel expenditures in order to not exceed budgeted amounts available under the grant programs. Supporting documentation was not maintained to identify the specific personnel for which the adjustments were made.
4. Personal activity reports and semiannual certifications (time and effort logs) were not completed by employees to support the time spent on the Twenty-First Century Learning Centers program.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Questioned Costs

Item 1 above regarding unsupported transportation costs associated with the Twenty-First Century Learning Centers Program in the amount of \$17,124 is considered to be questioned costs.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

34 CFR 80.30(c) states in part:

"*Budget changes* (1) *Nonconstruction projects.* Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non-construction award: . . .

- (ii) Unless waived by the awarding agency, cumulative transfers among direct costs categories, or, if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000. . . ."

OMB Circular A-87, Attachment B, section 8(h) states in part:

". . . Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. . .

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

- (2) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. . . .

- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

Cause

Management had not developed a system of internal controls including segregation of key functions. Procedures were not in place to determine that financial activity was properly classified and recorded in the grant funds and that time and effort records were properly maintained.

Effect

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

Recommendation

We recommended that personnel responsible for allocating personnel costs and approving costs become knowledgeable about the grant program and of the activities and costs allowed per the approved grant application in order to properly monitor costs prior to charging and authorizing the costs to the federal program.

Views of Responsible Officials

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

FINDING 2014-007 - LEVEL OF EFFORT

Federal Agency: Department of Education
Federal Program: Twenty-First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Numbers and Years (or Other Identifying Numbers): FY 12, FY 13, FY 14
Pass-through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system in order to ensure compliance with the Level of Effort compliance requirement.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Financial activity was not properly recorded to the financial records to ensure figures used in the computation of the Level of Effort were accurate. As a result of not being able to substantiate the accuracy of the figures used in the computation of Level of Effort, testing of the compliance requirement could not be performed.

Context

A test of compliance for Level of Effort could not be performed due to a disclaimer of opinion issued upon financial statements for both the prior and current audit periods. Problems were identified with the proper classification of expenditures and reporting of financial activity within the correct funds that resulted in the disclaimer of opinion. The financial records incorrectly identified monies associated with local sources as being used for federal programs. Due to the condition of the financial records, alternative procedures could not be performed to substantiate the expenditures amounts used in the calculation.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.333 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 including segregation of key functions. Procedures were not in place to determine financial activity was properly classified and recorded in the financial records.

Effect

The failure to establish an effective internal control system allowed for noncompliance to go undetected or prevented correction in a timely manner. Noncompliance of the Level of Effort requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish and implement controls, including the segregation of duties, to ensure compliance with the Level of Effort 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 2014-008 - INTERNAL CONTROLS OVER CHILD NUTRITION CLUSTER

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): SY 12-13, SY 13-14

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Program Income, and Special Tests and Provisions related to Verification of Free and Reduced Price Applications and School Food Accounts.

Context

Activities Allowed or Unallowed

The School Corporation had not designed or implemented adequate policies and procedures to ensure that School Lunch funds were expended for allowable activities. One individual reviewed and approved claims prior to payment with no controls in place to ensure that the claims were for allowable expenses.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were limited to the average expenditures for three months. An oversight or review process had not been established to document the monitoring of the cash balances.

Special Tests and Provisions - Verification of Free and Reduced Price Applications

Each School Corporation that participates in the National School Lunch Program must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The School Corporation performed the verifications; however, there was no documentation that an oversight or review process had been established to ensure the accuracy of the verifications performed.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Program Income and Special Tests and Provisions - School Food Accounts

The School Corporation had not designed or implemented adequate policies and procedures to ensure that all School food collections were properly recorded in the School Lunch fund. No controls were in place to ensure that proper transfers were made from the Prepaid Meal accounts to the School Lunch fund.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

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

Effect

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements 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, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2014-009 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): SY 12-13, SY 13-14

Pass-Through Entity: Indiana Department of Education (IDOE)

Condition

An effective internal control system was not in place at the School Corporation. The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Context

The School Corporation calculated the Paid Lunch Equity and submitted it to the State; however, the School Corporation did not have any controls in place to determine that the calculations were correct prior to being submitted to IDOE.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2014-010 - 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): SY 12-13, SY 13-14

Pass-Through Entity: Indiana Department of Education

SCOTT COUNTY SCHOOL DISTRICT 1
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 Reporting compliance requirement. The Annual Financial Reports (AFR) filed by the School Corporation for the school years 2012-2013 and 2013-2014, did not agree with the School Corporation's financial records.

Context

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the AFR, that is required to be submitted at the end of each fiscal year, was accurate. The reports were not reviewed to ensure that they were accurate and in compliance with Reporting requirements. An oversight, review, or approval process had not been established. One individual prepared and submitted reports without oversight or review of the reports prior to submission.

The revenue and cash balances shown on the AFR did not agree with the underlying financial records for the reports associated with the 2012-2013 and 2013-2014 school years. Federal reimbursements to the program for the 2012-2013 year were not properly classified in the financial records as to the proper revenue source. The AFR was not reflective of the financial transactions of the School Corporation because the School Corporation financial records for 2012-2013 used a standard allocation percentage to allocate monies between breakfast and lunch sales and do not reflect the actual breakdown of income based upon actual sales as required in the AFR. The Prepaid Meal accounts were also included in the School Lunch fund during 2012-2013 and 2013-2014 audit periods resulting in the balance reported on the AFR not agreeing with the financial ledgers.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 3016.20(b)(1) Standards for financial management systems states in part: ". . . *Financial reporting*. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

Cause

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

Financial activity was not properly recorded within the financial records for the School Lunch fund. Financial activity associated with monies received for the prepayment of meals on account was incorrectly reported as revenue within the School Lunch fund resulting in the incorrect reporting of the School Lunch fund cash balances and the various individual revenue categories. Financial activity recorded to the records was not reviewed to determine if activity was properly recorded.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system resulted in reporting errors and placed the School Corporation at risk of allowing for the misuse and mismanagement of federal funds and assets. Non-compliance of the program Reporting 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 the School Corporation's management establish controls, including segregation of duties, related to 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 2014-011 - 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 Numbers and Years (or Other Identifying Numbers): SY 12-13, SY 13-14

Pass-Through Entity: Department of Education

Condition

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

The School Corporation relied on a third-party service provider to handle some bidding requirements and had not designed or implemented adequate policies and procedures to ensure compliance with procurement requirements and verify that vendors had not been suspended or debarred. There was no evidence that vendors had been checked for suspension or debarment prior to doing business with those vendors.

Context

The School Corporation was not aware of the Suspension and Debarment requirements and did not know if certifications were being completed by its third-party purchasing service vendor. The School Corporation was not checking the bid contract pricing to ensure compliance, nor were they checking for suspension or debarment.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 3016.35 states:

"Grantees and sub-grantees must not make any award or permit any award (sub-grant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, Debarment and Suspension."

2 CFR, Subpart C, 180.300 states as follows:

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

7 CFR 3016.36(b) states in part:

"Procurement standards:

- (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.
- (2) Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions, nor did they have procedures in place to ensure compliance with the Procurement and Suspension and Debarment requirements.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system allowed noncompliance with compliance requirements and could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. Noncompliance of the grant agreement or the compliance requirements 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, including segregation of duties, related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2014-012 - ELIGIBILITY

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): SY 12-13, SY 13-14

Pass-Through Entity: Indiana Department of Education

Condition

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

Context

The School Corporation did not have a system in place with proper segregation of duties. One individual was in control of calculating and implementing the Eligibility program requirements with no other oversight or review.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system allowed for material noncompliance to go undetected or corrected in a timely manner. Noncompliance with the program requirements 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, including segregation of duties, related to 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.

FINDING 2014-013 - ALLOWABLE COSTS/COST PRINCIPLES

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): SY 12-13, SY 13-14

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with the grant agreement and requirements related to the Allowable Costs/Cost Principles.

Proper documentation was not retained to support salaries recorded to the School Lunch fund.

Context

Transactions related to the food service program were recorded in the School Lunch fund. This included, but was not limited to, the following: salaries and benefits, food purchases, supplies, and all revenue generated by the food service program. There was a lack of segregation of duties in reviewing costs charged to the program as only one individual was in control of validating and approving the costs recorded to the grant program.

The School Corporation did not comply with Allowable Costs/Cost Principles requirements regarding payment of salaries from the food service program (School Lunch fund). Semiannual Certifications and Personal Activity Reports were not completed for any employees whose salaries were charged to the program.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Costs of \$82,768 were charged to the grant programs for salaries and benefits of two employees that perform multiple job functions without Personal Activity Reports to document the distribution of actual time spent on the grant program and other job duties in order to support the portion of the salaries charged to the food service program.

In addition, proper documentation was not maintained for overtime paid to employees from the grant program. Time cards did not properly document hours worked to determine proper overtime compensation and no system was in place to document approval for overtime. Overtime compensation paid to employees without proper documentation totaled \$4,525.

Problems were identified with portions of salaries for six employees being charged to the program who did not perform job functions related to the food service program. Estimated unallowable costs associated with these employees totaled \$5,233.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

OMB Circular A-87, Attachment B, Section 8h states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases,
or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls that segregated key functions. Employees were not required to properly maintain time cards showing the actual hours worked and documentation of overtime hours with proper approval.

Effect

The failure to establish an effective internal control system allowed for noncompliance with the grant program to occur and go undetected or not corrected in a timely manner. Noncompliance with the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation or the repayment of funds received.

Questioned Costs

The salaries and benefits charged to the federal programs without proper supporting documentation totaled \$92,526 and are considered questioned costs.

Recommendation

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

Semiannual certifications and personal activity logs should be completed for all employees paid from School Lunch funds. Time cards should be properly maintained showing the actual hours worked including overtime hours. Overtime hours should be properly authorized.

Views of Responsible Officials

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

FINDING 2014-014 - INTERNAL CONTROLS OVER SPECIAL EDUCATION CLUSTER (IDEA)

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): 14211-038-PN01, 14212-038-PN01,
14213-038-PN01, 14214-038-PN01,
99914-157-TA01, 45711-038-PN01,
45712-038-PN01, 45713-038-PN01,
45714-038-PN01

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the following compliance requirements: Cash Management, Period of Availability, and Reporting.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Context

The School Corporation designated Madison Area Educational Special Services Unit (MAESSU) as the fiscal agent to receive and manage the funding of the Special Education programs. There were the following deficiencies in the internal control system:

Cash Management

Requests for Reimbursement were prepared by MAESSU's Business Manager. There was no control in place to ensure that expenditures were paid prior to requesting reimbursement.

Period of Availability of Federal Funds

MAESSU's Business Manager monitored expenditures for compliance with Period of Availability of Federal Fund requirements. There was no control in place to ensure expenditures were incurred within the period of availability.

Reporting

Final Expenditure Reports were prepared and submitted by MAESSU's Business Manager. There were no controls in place to ensure the Final Expenditure Report was accurate prior to submission.

Count of Children with Disabilities Receiving Special Education Services was required to be prepared by the School Corporation. The School Corporation did not have controls in place to ensure the count reported was accurate prior to submission.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management had not developed a system of internal control including the segregation of key functions.

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 program.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2014-015 - LEVEL OF EFFORT

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): 14211-038-PN01, 14212-038-PN01,

14213-038-PN01, 14214-038-PN01,
99914-157-TA01, 45711-038-PN01,
45712-038-PN01, 45713-038-PN01,
45714-038-PN01

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system was not established in order to ensure compliance with the Level of Effort compliance requirement.

Financial activity was not properly recorded to the financial records to ensure figures used in the computation of the Level of Effort were accurate. As a result of not being able to substantiate the accuracy of the figures used in the computation of Level of Effort, testing of the compliance requirement could not be performed.

Context

A test of compliance for Level of Effort could not be performed due to a disclaimer of opinion issued upon financial statements for the prior audit period and the current period under audit. Problems were identified with the proper classification of expenditures and reporting of financial activity within the correct funds that resulted in the disclaimer of opinion. The financial records incorrectly identified monies associated with local sources as being used for federal programs thus understating expenditures made from local sources and inflating expenditures related to federal funds.

SCOTT COUNTY SCHOOL DISTRICT 1
FEDERAL FINDINGS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.333 states in part:

"Financial record, supporting documents, statistical records, and all other non-Federal entity records pertinent to 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 including segregation of key functions.

Procedures were not in place to determine financial activity was properly classified and recorded in the financial records.

Effect

Noncompliance with the Level of Effort program requirement could have resulted in the loss of federal funds to the School Corporation. The failure to establish an effective internal control system allowed for non-compliance to go undetected or prevents correction in a timely manner.

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 Level of Effort compliance requirement.

We further recommended that procedures should be developed to ensure financial activity is properly classified and recorded in the financial records. Financial activity should be reviewed to determine the activity has been properly classified.

Views of Responsible Officials

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

SCOTT COUNTY SCHOOL DISTRICT 1

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812-794-8750 or FAX: 812-794-8765

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Corrective Action Plan

Finding 2014-001 Internal Controls and Noncompliance over Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Jami Parks, Kathie Bowling, Debbie Kilburn
Contact Phone Number: 812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Description of Corrective Action Plan: The school board adopted the state mandated minimum Internal Control Resolution and will create a District Internal Control Policy according to the Uniform Internal Control Standards for Indiana Political Subdivisions. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program. We will continue to improve our Internal Controls over the district financial statements.

Anticipated Completion Date: 06/31/2018

Finding 2014-002 Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Jami Parks/Kathie Bowling
Contact Phone Number: 812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue. New staff was not properly trained by former staff (who was unfamiliar with the Gateway reporting) and did not realize at the time the Child Nutrition Cluster was to be included.

Description of Corrective Action Plan: The Child Nutrition Cluster will be added to the SEFA in upcoming Schedule of Expenditures of Federal Awards. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing

Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-003 Internal Controls and Noncompliance over Title I, Part A Cluster

Contact Person Responsible for Corrective Action: Jami Parks/Kathie Bowling
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue. Funds were improperly set up and expended by previous staff, new staff has done a better job for setting up a new fund for each program year.

Description of Corrective Action Plan: To make sure a new fund is created each program year and that grant funds are expended from the correct fund. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-004 Special Tests and Provisions- Annual Report Card, High School Graduation Rate

Contact Person Responsible for Corrective Action: Ryan Herald, Kelly Goodin, and Joe Smith
Contact Phone Number:812-794-8730

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Description of Corrective Action Plan: SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program. Train staff on 34 CFR 200.19 9(b)

Anticipated Completion Date: 06/31/2018

Finding 2014-005 Internal Controls over Twenty-First Century Community Learning Centers

Contact Person Responsible for Corrective Action: Jami Parks, Michelle Watts, Robert Anderson
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

The Program Director approves all expenses and that goods/services were received before invoices are paid, Business Manager pays invoices and runs month end expenditure reports. Reimbursement reports reflect the costs from the expenditure report. Reimbursement reports are signed off by a preparer and approver.

Description of Corrective Action Plan: The district will continue its internal controls as staffing allows. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-006 Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Kathie Bowling, Jami Parks, Michelle Watts
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue. Findings were the result of training. Changes have been made since the audit to correct the finding going forward.

Description of Corrective Action Plan: Transportation costs are now charged monthly to the program. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-007 Level of Effort

Contact Person Responsible for Corrective Action: Jami Parks/Kathie Bowling
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

New funds have been created for each program year, expenses going forward will be charged to the correct fund.

Description of Corrective Action Plan: Created new funds for each program year and charge expenses to the correct fund. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-008 Internal Controls over Child Nutrition Cluster

Contact Person Responsible for Corrective Action: Kathie Bowling/Sceria Shouse
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

With staffing changes the department is process of segregating duties to meet internal control demands.

Description of Corrective Action Plan: Duties will continue to be segregated as an internal control policy is developed. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-009 Special Tests and Provisions-Paid Lunch Equity

Contact Person Responsible for Corrective Action: Kathie Bowling/Debbie Kilburn
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Monies have been transferred to accounts set up per the auditors

Description of Corrective Action Plan: Food Service Director reviews and approves the paid lunch equity calculations, and maintains the documentation of that calculation. Monies are transferred to correct revenue accounts monthly. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-010 Reporting

Contact Person Responsible for Corrective Action: Kathie Bowling/Jami Parks
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Prepaid equity monies were removed from revenues and included in Balance of Accounts on the AFR.

Description of Corrective Action Plan: Correction was made with the 2015/2016 AFR. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-011 Procurement, Suspension and Debarment

Contact Person Responsible for Corrective Action: Kathie Bowling
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

A majority of School Corporations in the State of Indiana use a third party purchaser. The third party purchaser notifies school when there is a vendor they can no longer purchase from. Food Service Director verifies compliance with the third party.

Description of Corrective Action Plan: SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Food Service Director verifies compliance with the third party.

Anticipated Completion Date: 06/31/2018

Finding 2014-012 Eligibility

Contact Person Responsible for Corrective Action: Kathie Bowling
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Staff uses a system created and approved by the State of Indiana to declare eligibility. Due to cuts in State funding there is no staff available to review the status certification.

Description of Corrective Action Plan: Food Service Treasurer will continue to use State approved system to declare eligibility. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-013 Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Kathie Bowling/Debbie Kilburn
Contact Phone Number:812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

We were not aware at time of audit that actual time spent had to be detailed on time sheet. Food Service Manager approves all invoices received on site prior to payment by Food Service Director.

Description of Corrective Action Plan: Employees are now logging actual time spent on new time sheets created as result of audit. There is a segregation of duties on the payment of invoices. SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-014 Internal Controls over Special Education Cluster (IDEA)

Contact Person Responsible for Corrective Action: Chris Trader (MAESSU)/ Jami Parks
Contact Phone Number: 812-265-3448

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

Description of Corrective Action Plan: SCSD1 designated MAESSU as the fiscal agent to receive and manage the funding of Special education programs. MAESSU's Business Manager began having the board sign reports in October 2015. MAESSU will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

Finding 2014-015 Level of Effort

Contact Person Responsible for Corrective Action: Dan Ashley, Robert Anderson, Joe Smith, Jami Parks

Contact Phone Number: 812-794-8750

Views of Responsible Official: Internal Controls continue to be a problem for all Governmental units due to a shortage of funds to support extra personnel. We continue working on this issue.

New funds have been created for each year, expenses going forward will be charged to the correct fund.

Description of Corrective Action Plan: SCSD1 will work towards maintaining internal control controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect of the federal program.

Anticipated Completion Date: 06/31/2018

SCOTT COUNTY SCHOOL DISTRICT 1
AUDIT RESULTS AND COMMENTS

COMPENSATION AND BENEFITS

During the 2013-2014 school year, the School Corporation had a former administrative employee leave employment. From February 14, 2014 to June 6, 2014, the employee continued to receive regular bi-weekly paychecks and accumulated sick leave was used. On June 20, 2014, the School Corporation paid out the remaining balance on the contract, along with severance payments for years of service and remaining unused sick days. Based on the salary contract and the severance payments based on the Master Contract, the total compensation should have been paid as follows:

Description	Amount
Total contract amount, including insurance	\$ 99,455.32
Increase in insurance starting December 2013	466.05
Saturday school not included in contract	750.00
Severance pay for years of service (\$75 per year for 32 years)	2,400.00
Severance pay for unused sick days (\$50 per day for 10 days)	500.00
 Total calculated payments for 2013-2014 contract year	 \$ 103,571.37

The total payments that were made for the 2013-2014 contract year, including the buyout of the contract and severance payments totaled \$117,687.19 for an overpayment of \$14,115.82. The overpayment occurred on the final payment on June 20, 2016, that included the buyout of the contract and severance payments. Although the School Corporation was not able to determine exactly how the final payment was calculated, it was believed the error was possibly due to incorrect amounts being entered into the payroll system that updates the contract amount paid to date and also a miscalculation on how the insurance was to be paid on the contract.

In addition, three employees received compensation and benefits that were not included on any salary ordinance, resolution, or schedule.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporation, Chapter 13)

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
School Transportation	2012	\$ 116,382
School Bus Replacement	2012	34,196

SCOTT COUNTY SCHOOL DISTRICT 1
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

OVERDRAWN CASH BALANCES

The financial statement presented in the Financial Statement and Federal Single Audit Report included the following funds with overdrawn cash balances at June 30, 2013 and 2014.

Fund	Amount Overdrawn June 30, 2013	Amount Overdrawn June 30, 2014
School Transportation	\$ -	\$ 20,826
Textbook Rental	54,084	49,632
Title I 2011-2012	24,489	28,069
Drug Free Schools	6,530	6,530
21st Century Learning Center Grant	23,354	-
Improving Teacher Quality	5,388	5,883
Rural Schools and Low Income Program	3,379	3,379
Title I - ARRA	101,227	101,239
Payroll	7,317	2,757

Other funds were identified on the School Corporation 's records as having overdrawn cash balances at June 30; however, the financial activity associated with these funds represented financial activity associated with grants for which the School Corporation will subsequently be reimbursed with federal grant money.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNET POSTING OF CONTRACTS

School Corporation officials have not posted current contracts for the Superintendent of Schools or Non-Teaching Certified employees to the School Corporation's website.

Indiana Code 20-26-5-4.3(d) states: "A governing body shall post the provisions of an employment contract that the governing body enters into with a superintendent of the school corporation on the school corporation's Internet web site."

SCOTT COUNTY SCHOOL DISTRICT 1
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 20-26-5-4.7 states:

"(a) This section does not apply to a:

- (1) superintendent of a school corporation; or
- (2) certificated employee (as defined in IC 20-29-2-4) that is represented by an exclusive representative (as defined in IC 20-29-2-9) under IC 20-29.

(b) The superintendent shall post the provisions of an employment contract that the school corporation enters into with a certificated employee on the school corporation's Internet web site."

BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS

The School Board did not have a formal collection policy for student meal accounts with a deficit account balance. They adopted a "No Charge" policy for meals, whereby a student that did not have sufficient funds in their account received a meal at no charge. However, on the 2013-14 Program Year Account Balances Report there were 54 student accounts with negative balances as high as \$424.

The School Corporation had someone review daily the student account list for elementary students who had a deficit account balance and contacted the parents of the students to deposit money into the student's account. The middle and high school student accounts were not reviewed daily.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PROMOTIONAL EXPENDITURES

A review of expenditures identified as promotional type purchases totaling \$12,878 for the year 2013. Based on the School Corporation's Average Daily Membership (ADM), total promotional type expenditures were limited to a maximum of the \$3,000.

Indiana Code 20-26-5-4(a)(3) states:

"To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's ADM of the previous year (as defined by IC 20-43-1-7) to promote the best interest of the school corporation through:

- (A) the purchase of meals, decorations, memorabilia, or awards;

SCOTT COUNTY SCHOOL DISTRICT 1
AUDIT RESULTS AND COMMENTS
(Continued)

- (B) provision for expenses incurred in interviewing job applicants; or
- (C) developing relations with other governmental units."

CURRICULAR MATERIALS RENTAL FEES

Information was not presented for audit documenting how the middle and high school curricular materials rental fees for electronic books were calculated. A flat fee was authorized per student by the School Board each school year.

Indiana Code 20-26-12-2(a) states in part:

"A governing body may purchase from a publisher any curricular material selected by the proper local officials. The governing body may rent the curricular materials to students enrolled in any public or nonpublic school that is:

- (1) in compliance with the minimum certification standards of the state board; and
- (2) located within the attendance unit served by the governing body. The annual rental rate may not exceed twenty-five (25%) of the retail price of the curricular materials."

Fee should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCOTT COUNTY SCHOOL DISTRICT 1
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2016, with Robert Anderson, Superintendent of Schools; Jami Parks, Business Manager; Kathie Bowling, Treasurer; and Joie Bukowski, President of the School Board.