

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
NORTH SPENCER COUNTY SCHOOL CORPORATION  
SPENCER COUNTY, INDIANA  
July 1, 2012 to June 30, 2014



**FILED**  
03/31/2015



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Virlee E. Huffman Heather A. Harbottle	07-01-12 to 06-30-14 07-01-14 to 06-30-15
Superintendent of Schools	Daniel R. Scherry	07-01-12 to 06-30-15
President of the School Board	Anna L. Oxley L. Elaine Daubenspeck	01-01-12 to 12-31-14 01-01-15 to 12-31-15



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TO: THE OFFICIALS OF THE NORTH SPENCER COUNTY SCHOOL CORPORATION, SPENCER COUNTY, INDIANA

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

The Federal Finding, identified in the above referenced audit report, is included in this report.

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

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

March 3, 2015

NORTH SPENCER COUNTY SCHOOL CORPORATION  
FEDERAL FINDING

***FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

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

The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: Incorrect program names, misstated program expenditures, incorrect or omitted pass-through entity identifying numbers, and two grants that were not included on the SEFA. Audit adjustments were proposed, accepted by the School, and made to the SEFA presented in this report.

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."

NORTH SPENCER COUNTY SCHOOL CORPORATION  
FEDERAL FINDING  
(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:

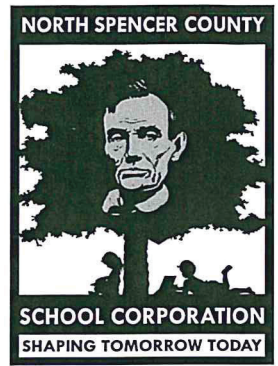
- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision 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 sub recipient, 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 sub recipients 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."

# North Spencer County School Corporation

*Shaping Tomorrow Today*

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## CORRECTIVE ACTION PLAN

### *FINDING 2014-001*

Contact Person Responsible for Corrective Action: Daniel R. Scherry, Superintendent  
Contact Phone Number: 812-937-2400

### Description of Corrective Action Plan:

Inaccurate disclosure of grants on the schedule of Expenditures of Federal Awards (SEFA) was an oversight at the time of data entry for the Gateway Annual Reporting performed by previous Treasurer. With the employment of new, more technologically savvy, Treasurer expenditures related to federal grants included in the schedule will be verified for accuracy by the Treasurer and Deputy Treasurer, in subsequent years.



(Signature)

Superintendent  
(Title)

February 18, 2015

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*The North Spencer County School Corporation is committed to equal opportunity. It is an Equal Opportunity Employer and does not discriminate on the basis of age, race, color, religion, sex, handicapping conditions, or national origin, including limited English proficiency, in any employment opportunity. No person is excluded from participation in, denied the benefits of, or otherwise subjected to unlawful discrimination on such basis under any educational program or student activity. Contact Ben Lawalin at (812)544-2929 for additional information.*

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#### ADMINISTRATION

#### BOARD OF SCHOOL

Daniel R Scherry <i>Superintendent</i>	Angela Burch <i>Dir of Learning &amp; Assessment</i>
	Jennifer Jazyk <i>Title I Literacy Coordinator</i>
Marc Schum <i>Dir of Facilities &amp; Transportation</i>	Julie Kemp <i>Dir of Prof Dev &amp; Instruction</i>

Elaine Daubenspeck <i>President</i>	Annie Oxley <i>Member</i>	Clint Coleman <i>Member</i>
Lori Gogel <i>Vice President</i>	David Waninger <i>Member</i>	Brian Gehlhausen <i>Member</i>
Don Detzer <i>Secretary</i>	Arthur Nordhoff <i>School Attorney</i>	



NORTH SPENCER COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 3, 2015, with Daniel R. Scherry, Superintendent of Schools; Heather A. Harbottle, Treasurer; and L. Elaine Daubenspeck, President of the School Board.