

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

MOUNT VERNON COMMUNITY  
SCHOOL CORPORATION  
HANCOCK COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
02/08/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2014-001 - Preparation of the Schedule of Expenditures of Federal Awards .....	4-5
Finding 2014-002 - Internal Control over the Child Nutrition Cluster .....	5-6
Finding 2014-003 - Suspension and Debarment.....	6-8
Finding 2014-004 - Allowable Costs/Cost Principles.....	8-9
Finding 2014-005 - Special Tests and Provisions - Comparability.....	9-11
Finding 2014-006 - Level of Effort .....	12-13
Finding 2014-007 - Allowable Costs/Cost Principles.....	14-15
Corrective Action Plan.....	16-22
Audit Results and Comments:	
Annual Report Not Filed Timely.....	23
Overdrawn Cash Balances.....	23
Bank Account Reconciliations .....	24
Appropriations.....	25
School Lunch Prepaid Fund .....	25
Collection of Amounts Due .....	26
Exit Conference .....	27

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Beverly Reasor Daniel R. Kramer	07-01-12 to 07-31-12 08-01-12 to 12-31-13
Business Manager/Treasurer	Brian F. Tomamichel	01-01-14 to 06-30-17
Superintendent of Schools	Dr. William J. Riggs Dr. William S. Robbins	07-01-12 to 06-30-15 07-01-15 to 06-30-17
President of the School Board	Shelton Oakes Vernée J. Eads Michael S. McCarty	07-01-12 to 12-31-12 01-01-13 to 06-30-14 07-01-14 to 12-31-17



**STATE OF INDIANA**  
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TO: THE OFFICIALS OF THE MOUNT VERNON COMMUNITY  
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Mount Vernon Community 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 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/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit 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

December 21, 2016

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

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

*Condition*

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 Child Nutrition Cluster expenditures for both school years were not included on the SEFA. This resulted in the expenditures on the SEFA for 2012-2013 and 2013-2014 being understated by \$586,159 and \$563,987, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*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. . . ."

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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (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 of the School Corporation had not established a system of internal control that would have ensured accurate and complete reporting of federal expenditures on the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

*View of Responsible Officials*

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

***FINDING 2014-002 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2013, FY2014

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 compliance requirements of Eligibility and Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP).

*Eligibility*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that participant eligibility for free and reduced price meals were accurately determined. The application information was entered into the food service software by one employee. The software automatically made the eligibility determination dependent upon the information entered. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the information entered into the food service software was correct.

*Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

Management of the School Corporation had not designed or implemented adequate policies and procedures to ensure that the verification of free and reduced price applications was properly completed. The school lunch software selected, from the eligible applications, the sample to be

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

verified. Once the information was obtained for verification purposes changes were made to eligibility status based on documentation and other information obtained through the verification process. The verification process was completed by one employee. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the verification process was completed correctly.

*Context*

The lack of effective controls over the requirements listed above were a systemic problem. The School Corporation did not have effective controls over these areas for the entire audit period.

*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 controls could have enabled material noncompliance to occur. Noncompliance with 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 2014-003 - SUSPENSION AND DEBARMENT**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2013, FY2014

Pass-Through Entity: Indiana Department of Education



MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Condition*

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the compliance requirements for Suspension and Debarment. The Department of Agriculture required the School Corporation to verify that awarded contracts exceeding \$25,000 were not with suspended or debarred entities. No controls over this requirement were identified.

During the years 2012-2013 and 2013-2014, the School Corporation made food service purchases exceeding \$25,000 from one vendor. The School Corporation did not perform a verification check for covered transactions, by checking the SAM Exclusions, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

*Context*

The School Corporation did not comply with the Suspension and Debarment requirements for the applicable transactions for both school years.

*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 180.300 states:

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

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

*Cause*

Management had not developed a system of internal controls over the Suspension and Debarment requirements.

*Effect*

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Suspension and Debarment compliance requirements and develop procedures to comply with the requirement.

*Views of Responsible Officials*

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

**FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 12-3135, 13-3135, 14-3135

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement that have a direct and material effect to the program.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that Semiannual Certifications and Personnel Activity Reports were completed in compliance with program requirements. Semiannual Certifications were not completed for the employees who worked exclusively on the Title I program. There were no Personnel Activity Reports completed for the employee who worked on Title I and other duties to support their percentage of time worked on Title I duties.

*Context*

There were no Semiannual Certifications or Personnel Activity Reports completed for applicable employees throughout the audit period.

*Criteria*

OMB Circular A-87, Attachment B, Item 8(h) 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 first hand 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,

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (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. . . ."

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*

The School Corporation was unaware of the compliance requirement.

*Effect*

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principles. We also recommended that the School Corporation maintain Semiannual Certifications and Personnel Activity Reports for all applicable employees.

*Views of Responsible Officials*

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

***FINDING 2014-005 - SPECIAL TEST AND PROVISIONS - COMPARABILITY***

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): 12-3135, 13-3135, 14-3135

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Test and Provisions - Comparability compliance requirement that have a direct and material effect to the program.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The School Corporation did not file a written assurance with the Indiana Department of Education (SEA) that it had implemented required policies and procedures to meet the Comparability requirements (Comparability Report) during the audit period.

*Context*

The School Corporation had not developed procedures for complying with the comparability requirements and did not maintain or submit records that are updated at least biennially documenting compliance with the comparability requirements during the audit period.

*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. . . ."

20 USC 6321(c): Fiscal requirements, states in part:

"Comparability of services

(1) In general

(A) Comparable services

Except as provided in paragraphs (4) and (5), a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part.

(B) Substantially comparable services

If the local educational agency is serving all of such agency's schools under this part, such agency may receive funds under this part only if such agency will use State and local funds to provide services that, taken as a whole, are substantially comparable in each school.

(C) Basis

A local educational agency may meet the requirements of subparagraphs (A) and (B) on a grade-span by grade-span basis or a school-by-school basis.

(2) Written assurance

(A) Equivalence

A local educational agency shall be considered to have met the requirements of paragraph (1) if such agency has filed with the State educational agency a written assurance that such agency has established and implemented-

(i) a local educational agency-wide salary schedule;

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

(ii) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and

(iii) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

(B) Determinations

For the purpose of this subsection, in the determination of expenditures per pupil from State and local funds, or instructional salaries per pupil from State and local funds, staff salary differentials for years of employment shall not be included in such determinations.

(C) Exclusions

A local educational agency need not include unpredictable changes in student enrollment or personnel assignments that occur after the beginning of a school year in determining comparability of services under this subsection.

(3) Procedures and records

Each local educational agency assisted under this part shall-

(A) develop procedures for compliance with this subsection; and

(B) maintain records that are updated biennially documenting such agency's compliance with this subsection . . . "

*Cause*

The School Corporation was unaware of the Special Tests and Provisions - Comparability compliance requirement.

*Effect*

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

No questioned costs were identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and procedures to ensure compliance with the Special Test and Provisions - Comparability compliance requirement of the program and prepare the appropriate reports.

*Views of Responsible Officials*

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2014-006 - 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): 14212-027-PN01, 14213-027-PN01,  
14214-027-PN01, 45712-027-PN01,  
45713-027-PN01, 45714-027-PN01

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort compliance requirement that have a direct and material effect to the programs.

As part of the grant agreement, the School Corporation was required to provide financial information for the Level of Effort requirement to the Indiana Department of Education (IDOE). Information was provided to IDOE and the School Corporation met the Level of Effort requirement. The School Corporation did not retain supporting documentation for the information entered on the grant application to meet the Level of Effort requirement. Financial data carried from the prior year for the current application did not agree to reported amounts.

*Context*

The School Corporation did not retain supporting documentation for the information entered on the grant application to meet the Level of Effort requirement for either school year.

*Criteria*

34 CFR section 300.203 states:

"(a) *General.* Except as provided in 300.204 and 300.05, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(b) *Standard.*

(1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:

(i) Local funds only.

(ii) The combination of State and local funds.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.
- (3) The SEA may not consider any expenditure made from funds provided by the Federal Government for which the SEA is required to account to the Federal Government or for which the LEA is required to account to the Federal Government directly or through the SEA in determining an LEA's compliance with the requirement is paragraph (a) of this section. . . ."

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*

The Level of Effort cost calculator was prepared by the former School Corporation Treasurer. The current School Corporation Treasurer was unable to locate or recreate the supporting documentation for amounts submitted.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and procedures to ensure compliance with the Level of Effort compliance requirement of the program and retain documentation supporting reported amounts.

*Views of Responsible Officials*

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2014-007 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-027-PN01, 14213-027-PN01,  
14214-027-PN01, 45712-027PN01,  
45713-027-PN01, 45714-027-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 Allowable Costs/Cost Principles compliance requirement.

*Context*

The School Corporation participated in Special Education Joint Services, Hancock Madison Shelby Education Services (HMSES). The HMSES provided special education services at the school level. The School Corporation did not complete the required Semiannual Certifications for Special Education Cluster programs personnel for either of the fiscal years.

*Criteria*

OMB Circular A-87, Attachment B, Item 8h(3) states:

"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 first hand knowledge of the work performed by the employee."

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 of the School Corporation did not have proper knowledge of the grant agreement.

*Effect*

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.



MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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.

We recommended that the required Semiannual Certifications for Special Education Cluster programs personnel be completed for both fiscal years.

*Views of Responsible Officials*

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

Dr. Shane Robbins  
Superintendent  
Mike Horton  
Assistant Superintendent  
Brian Tomamichel  
Business Manager



# MT. VERNON

COMMUNITY SCHOOL CORPORATION

Dr. Jeffrey Bond  
Director of Curriculum  
Greg Rollo  
Director of Technology  
Maria Bond  
Director of Communications

*"Engage, Educate & Empower Today's Students"*

## **FINDING 2014-001**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO  
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

### Description of Corrective Action Plan:

Mt. Vernon Community School Corporation is preparing a detailed segregation of duties to help improve all internal controls with all state and federal grants. All Grant documents will be reviewed by the corporation treasurer and chief financial officer prior to submission. With this all future SEFA's will be reviewed by the corporation treasurer and chief financial officer prior to submission.

Mt. Vernon Community Schools will also beginning to have an individual file for all state and federal grants moving forward. In prior practice Mt. Vernon had kept several years of grant files in the same folder causing information from prior years to be mixed. By creating an individual file for all grants, grants will be able to better monitored and tracked.

Anticipated Completion Date: March 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)

[www.MVCSC.k12.in.us](http://www.MVCSC.k12.in.us)

SCHOOL BOARD: Tony May Michael McCarty Kellie Freeman Jason Shelton Shannon Walls

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**Dr. Shane Robbins**  
Superintendent  
**Mike Horton**  
Assistant Superintendent  
**Brian Tomamichel**  
Business Manager



# MT. VERNON

COMMUNITY SCHOOL CORPORATION

**Dr. Jeffrey Bond**  
Director of Curriculum  
**Greg Rollo**  
Director of Technology  
**Maria Bond**  
Director of Communications

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## **FINDING 2014-002**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO

Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt Vernon Community School Corporation

Description of Corrective Action Plan:

Mt. Vernon Community School Corporation will begin to have all items related to the School Breakfast and Lunch Program signed off by the Director of Food Service and either the Chief Financial Officer or Corporation Treasurer. Mt. Vernon Schools will insure that all free and reduced applications are reviewed by at least two people moving forward and that all information entered into the food service software is reviewed and signed off on by at least two people as well. New internal controls specific to Mt. Vernon's School Breakfast and Lunch Programs will be designed and implemented to insure this oversight is corrected and the proper internal controls are followed moving forward.

Anticipated Completion Date: April 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)

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SCHOOL BOARD: Tony May Michael McCarty Kellie Freeman Jason Shelton Shannon Walls

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Dr. Shane Robbins  
Superintendent  
Mike Horton  
Assistant Superintendent  
Brian Tomamichel  
Business Manager



# MT. VERNON

COMMUNITY SCHOOL CORPORATION

Dr. Jeffrey Bond  
Director of Curriculum  
Greg Rollo  
Director of Technology  
Maria Bond  
Director of Communications

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## **FINDING 2014-003**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO  
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

### Description of Corrective Action Plan:

Mt. Vernon Community School Corporation will make sure that any vendor contracts exceeding \$25,000 were not with suspended or debarred entities by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

Mt. Vernon Community School Corporation will begin to have all items related to the School Breakfast and Lunch Program signed off by the Director of Food Service and either the Chief Financial Officer or Corporation Treasurer. Mt. Vernon Schools will insure that all free and reduced applications are reviewed by at least two people moving forward and that all information entered into the food service software is reviewed and signed off on by at least two people as well. New internal controls specific to Mt. Vernon's School Breakfast and Lunch Programs will be designed and implemented to insure this oversight is corrected and the proper internal controls are followed moving forward.

Anticipated Completion Date: April 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)

[www.MVCSC.k12.in.us](http://www.MVCSC.k12.in.us)

SCHOOL BOARD: Tony May Michael McCarty Kellie Freeman Jason Shelton Shannon Walls

1806 W. State Road 234, Fortville, IN 46040 ♦ Office: (317) 485-3100 ♦ Fax: (317) 485-3113

Twitter.com/MVCSC\_District ♦ Facebook.com/MtVernonSchoolDistrict

**Dr. Shane Robbins**  
Superintendent  
**Mike Horton**  
Assistant Superintendent  
**Brian Tomamichel**  
Business Manager



# MT. VERNON

COMMUNITY SCHOOL CORPORATION

**Dr. Jeffrey Bond**  
Director of Curriculum  
**Greg Rollo**  
Director of Technology  
**Maria Bond**  
Director of Communications

*"Engage, Educate & Empower Today's Students"*

#### **FINDING 2014-004**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO  
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

#### Description of Corrective Action Plan:

The school corporation will develop detailed internal controls for the Title One grant management to insure that all Title One grant compliance items are being met. Mt. Vernon recently transitioned to a new Title One grant director who is responsible to managing all grant compliance items, including maintaining a time and effort certification for all employees associated with the grant.

Mt. Vernon will also insure that their internal controls include an appropriate segregation of duties to insure that future compliance items are not missed.

Anticipated Completion Date: February 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)

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## **FINDING 2014-005**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO  
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

### Description of Corrective Action Plan:

The school corporation will develop detailed internal controls for the Title One grant management to insure that all Title One grant compliance items are being met. Mt. Vernon recently transitioned to a new Title One grant director who is responsible to managing all grant compliance items, including Special Test and provisions – Comparability compliance requirement of the program and prepare the appropriate reports.

Mt. Vernon will also insure that their internal controls include an appropriate segregation of duties to insure that future compliance items are not missed.

Anticipated Completion Date: February 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)

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**Greg Rollo**  
Director of Technology  
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Director of Communications

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## **FINDING 2014-006**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO  
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

### Description of Corrective Action Plan:

Mt. Vernon Community School Corporation is preparing a detailed segregation of duties to help improve all internal controls with all state and federal grants. All Grant documents will be reviewed by the corporation treasurer and chief financial officer prior to submission. With this all future SEFA's will be reviewed by the corporation treasurer and chief financial officer prior to submission.

Mt. Vernon Community Schools will also beginning to have an individual file for all state and federal grants moving forward. In prior practice Mt. Vernon had kept several years of grant files in the same folder causing information from prior years to be mixed. By creating an individual file for all grants, grants will be able to better monitored and tracked.

All Items related to the annual Maintenance of Effort report will be maintained in the corresponding file for the year in which is applies or future reference can be done on the calculations.

Anticipated Completion Date: January 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)



Dr. Shane Robbins  
Superintendent  
Mike Horton  
Assistant Superintendent  
Brian Tomamichel  
Business Manager



# MT. VERNON

COMMUNITY SCHOOL CORPORATION

Dr. Jeffrey Bond  
Director of Curriculum  
Greg Rollo  
Director of Technology  
Maria Bond  
Director of Communications

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## **FINDING 2014-007**

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO  
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

### Description of Corrective Action Plan:

Effective July 1, 2016 Mt. Vernon Community School Corporation pulled out of the HMSES in order to better control their compliance with the Special Education Grants to States and Special Education Preschool Grant. Since that time Mt. Vernon has continued to work on and improve their internal controls with their federal special education grants. Including the addition of a Special Education Director and Assistant Director. Mt. Vernon will have written detailed internal controls that provide the appropriate segregation of duties and insure all compliance items are met on both grants.

Anticipated Completion Date: January 2017

  
(Signature)

CFO  
(Title)

12/20/2016  
(Date)

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MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**ANNUAL REPORT NOT FILED TIMELY**

The Annual Report for 2014 was not filed electronically until October 20, 2014, which was 52 days past the due date.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

**OVERDRAWN CASH BALANCES**

The financial statements presented in Financial Statement and Federal Single Audit Report of the School Corporation included the following funds with overdrawn cash balances at June 30, 2013, and June 30, 2014:

<u>Fund</u>	<u>2013 Amount Overdrawn</u>	<u>2014 Amount Overdrawn</u>
General	\$ 4,255,501	\$ 3,630,914
Textbook Rental	-	80,060
Donation HRH Grant	-	881
MCE PTO Donation	27,080	58,364
MV Ed Foundation Education Grants	2,320	2,320
MVEF Director	16,265	23,972
Pay to Participate	113,007	223,928
Gifted and Talented 2010-11	31	31
Gifted and Talented 2011-12	520	-
State Connectivity 2010-11	13,928	13,928
Miscellaneous Programs	110	170
Title I FY11	76	76

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 School Corporation, Chapter 9)

A similar comment appeared in the prior Report B41921.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations of the fund balances to the bank account balances were not presented for audit for 10 months of the audit period. Monthly reconciliations that were provided for the audit period did not reconcile to the accounting records. Record balance information was not provided to support the reconciliations presented. Errors in posting and transfers relating to payroll withholdings occurred in each month. The errors were not identified timely, or corrected, and were included as unidentified differences on the reconciliations. In addition, the bank reconciliation as of June 30, 2014, included checks outstanding in excess of two years.

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

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) Board of finance of the political subdivision; or
- (2) Fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5 states:

- "(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.
- (b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General	2012	\$ 5,462,091
Debt Service	2012	6,423,588
Retirement/Severance Bond Debt Service	2012	2,549
School Transportation	2012	744,712
Debt Service	2013	2,306,230

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."

A similar comment appeared in the prior Report B41921.

**SCHOOL LUNCH PREPAID FUND**

The School Corporation maintained a student prepaid account fund called FS-Cafe Prepay Fund 820. This fund's activity was included on the financial statement in the School Lunch Fund 800. Transfers were not being made accurately or timely from the FS-Cafe Prepay Fund 820 account to the School Lunch Fund 800.

At June 30, 2013, the total student prepaid account balance was \$26,224 as documented in Keystone - Fund History Report and the FS-Cafe Prepay Fund 820 balance was \$150,396, a variance of \$124,172. At June 30, 2014, the total student prepaid accounts balance was \$24,116 and the FS-Cafe Prepay Fund 820 balance was \$176,935, a variance of \$152,819.

The FS-Cafe Prepay Fund 820 was not being reconciled to the student prepaid accounts maintained in the Keystone-Fund History Report. This reconciliation would have shown the FS-Cafe Prepay Fund was overstated and transfers were not being made.

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) 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 student). Subsidiary records by student should be routinely reconciled to the cash balance and at month end. (The School Administrator and Uniform Compliance Guidelines Vol.183)

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***COLLECTION OF AMOUNTS DUE***

The Management of the School Corporation did not have a policy regarding negative student lunch accounts or a policy regarding the approved collection process for balances due.

Negative student accounts as of March 28, 2016, from the report "List of Patrons with a Negative Balance," totaled \$5,500.

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)

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2016, with Dr. William S. Robbins, Superintendent of Schools; Michael S. McCarty, President of the School Board; Brian F. Tomamichel, Business Manager/Treasurer; and Josh Collier, Deputy Treasurer.