

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTHERN WELLS COMMUNITY SCHOOLS
WELLS COUNTY, INDIANA
July 1, 2012 to June 30, 2014



FILED
05/27/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vicki S. Andrews	07-01-12 to 06-30-16
Superintendent of Schools	James L. Craig	07-01-12 to 06-30-16
President of the School Board	Douglas Klefeker Chad Roush	07-01-12 to 12-31-14 01-01-15 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTHERN WELLS COMMUNITY SCHOOLS, WELLS COUNTY, INDIANA

This report is supplemental to our audit report of the Southern Wells Community Schools (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/.

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

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

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

March 17, 2016

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS

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

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). 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:

1. No federal expenditures were reported for the fiscal year ending June 30, 2013.
2. The only federal expenditures reported for the fiscal year ending June 30, 2014, was an Improving Teacher Quality State Grant in the amount of \$8,403.

In total, the SEFA was under reported in fiscal year ending June 30, 2013, by \$452,287 and fiscal year ending June 30, 2014, by \$528,621. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Audit adjustments were proposed, accepted by the School Corporation, 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."

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:

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

- (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."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to receipts and cash. There is no segregation of duties, including an oversight, review, or approval process.

One individual was responsible for preparing the bank reconciliation. The same individual issues receipts and prepares the bank deposit. Bank reconciliations were not reviewed or approved to ensure that they were complete and accurate.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material misstatements of the financial statement will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approval take place and to have a separation of functions over financial transactions and reporting. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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)

FINDING 2014-003 - CASH MANAGEMENT, ELIGIBILITY, PROGRAM INCOME, AND SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS (NSLP)

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, such as an oversight or approval process, related to the following compliance requirements that have a direct and material effect to the programs: Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The failure to establish an effective internal control system places 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 also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Cash Management

Federal regulations require schools to maintain a food service balance less than or equal to 3 months average operating expenses. The School Corporation has a lack of internal control over their food service balance. The School Corporation did not establish a control to ensure that the food service balance is less than or equal to 3 months average operating expenses.

Eligibility

A parent must file an application for their child to qualify for free or reduced price meals unless the child qualifies through direct certification. For all applications filed, the Deputy Treasurer made the determination as to whether a child qualified for free or reduced priced meals. There was no control in place to ensure the accuracy of the determinations.

Program Income

The School Board approved meal prices; however, there is no control in place to ensure that the prices approved were being correctly charged by the individual schools.

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

Federal regulations require that schools select and verify a sample of their approved free and reduced price meal applications on file as of October 1. The Deputy Treasurer performed the verifications; however, there was no control in place to determine whether the verifications performed were correct.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same 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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

FINDING 2014-004 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13 and FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirements. The failure to establish an effective control system places the School Corporation at risk of noncompliance with the grant agreement and compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation was required to maintain a listing of property purchased from the School Lunch fund. There was no such control in place to ensure whether the property listing was prepared.

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

The School Corporation did not maintain a listing of equipment purchased from the School Lunch fund. Equipment totaling \$17,050 was purchased from the School Lunch fund and was not recorded in the equipment and property records of the School Corporation. A physical inventory of the equipment was not taken.

7 CFR 3016.32 states in part:

"(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same 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."

Failure to maintain detailed and accurate property records and to reconcile physical inventory could result in equipment being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirements.

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2014-005 - REPORTING

Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2012-13, FY 2013-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Reporting compliance requirements. The failure to establish an effective internal control system places 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 also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation submits an Annual Financial Report at the end of each grant year to the Indiana Department of Education. There is no control in place to ensure that these reports are accurate. The Annual Financial Reports submitted did not agree with the financial records of the School Corporation.

7 CFR 3016.20(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 made 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, outlay, or expenditures, and income. . . .
- (4) *Budget Control.* Actual expenditures or capital outlay must be compared with budgeted amounts for each grant or subgrant. . . .
- (6) *Source documentation.* Accounting records must be supported by such source documentation as cancelled check, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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."

The failure to establish internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

FINDING 2014-006 - SPECIAL TEST AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Number and Year (or Other Identifying Number): FY 12-13, FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements. The failure to establish an effective internal control system places 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 also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Federal regulations require that schools annually review their paid lunch revenue to assure compliance with the Paid Lunch Equity requirement. Schools must calculate their weighted-average price to determine if it has sufficient funding for paid meals served. The Deputy Treasurer calculated the weighted-average price for the School Corporation; however, there was no control to ensure that the calculation was correct.

The School Corporation did not charge prices based in Paid Lunch Equity based on the calculations, nor were the calculations retained for audit.

7 CFR 210.15(b) states in part:

"Recordkeeping summary. In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e) . . ."

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

7 CFR 210.14(e) states in part:

"Pricing paid lunches. For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

- (1) *Calculation procedures.* Each school food authority shall:
 - (i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.
 - (ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);
 - (iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same 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."

Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish and implement controls, including segregation of duties, to ensure compliance with the grant agreement and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

FINDING 2014-007 - CASH MANAGEMENT, EQUIPMENT AND REAL PROPERTY MANAGEMENT, LEVEL OF EFFORT, PERIOD OF AVAILABILITY, SUSPENSION AND DEBARMENT, AND REPORTING

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States
CFDA Number: 84.027
Federal Award Number and Year (or Other Identifying Number): 14-8425
Pass-Through Entity: Indiana Department of Education

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, such as an oversight or approval process, related to the following compliance requirements that have a direct and material effect to the program: Cash Management, Equipment and Real Property Management, Level of Effort, Period of Availability, Suspension and Debarment, Reporting. The failure to establish an effective internal control system places 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 also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Cash Management

Federal regulations require schools to except money prior to being reimbursed. The School Corporation has lack of internal control over Cash Management.

Equipment and Real Property Management

Federal regulations require that schools maintain a detailed listing of property purchased. The School Corporation maintains a listing of property purchased, but there are no controls in place to ensure that the property listing prepared was complete and accurate.

Level of Effort

The grant agreement requires that the School Corporation maintain level of effort. The School Corporation is in compliance with this requirement, but does not have controls in place to monitor compliance.

Period of Availability

The grant agreement shows the dates during which expenditures from the grant must be made. The School Corporation did not establish a control to ensure that the expenditures reported fell within the period of availability.

Suspension and Debarment

There are no vendors being used who have been suspended or debarred. However, the School Corporation has not implemented controls to monitor compliance with the requirement.

Reporting

The School Corporation submits Claims for Reimbursement and a Final Expenditure Report as required by the Indiana Department of Education. The individual preparing the reports submits the reports without a control in place to determine whether the reports were accurate.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

SOUTHERN WELLS COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

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

SOUTHERN WELLS COMMUNITY SCHOOLS

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OFFICE OF THE SUPERINTENDENT

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Robin Minniewar, Secretary
rminniewar@swell.k12.in.us

Southern Wells Community Schools

CORRECTIVE ACTION PLANS

Contact Person Responsible for Corrective Actions: Vicki Andrews

Contact Phone Number: (765) 728-5537

FINDING 2014-001

Description of Corrective Action Plan:

The District Treasurer when preparing the annual report, will utilize the business office staff to ensure that errors will be prevented, detected, and /or corrected.

Anticipated Completion Date:

Ongoing – the findings will require review of the various errors. The anticipated completion will be the summer of 2016, prior to the completion of the annual report.

FINDING 2014-002

Description of Corrective Action Plan:

The District Treasurer will direct the business office staff to have a second staff member as part of the segregation of duties review the receipting, disbursing, recording, and accounting for the financial activities.

Anticipated Completion Date:

The procedures will be in place by March 31, 2016.

FINDING 2014-003

Description of Corrective Action Plan:

Cash Management

The District Deputy Treasurer will direct the business office staff to ensure that the food service balance is less than or equal to three months average operating expenses by having a second staff member as part of the segregation of duties review the balance. Printed and signed.

Eligibility

The District Deputy Treasurer will direct the school office staff to appoint a second person as part of the segregation of duties to ensure that a child qualified for free or reduced meal prices. Printed and signed.

Program Income

The District Deputy Treasurer will direct the school office staff and /or business office staff to ensure that the prices approved are correctly being charged by the individual schools as part of the segregation of duties. Printed and signed.

FINDING 2014-004

The Superintendent and District Treasurer will review and/or propose a district policy for the equipment and real property management. After the policy has been reviewed and/or proposed to the School Board, a vendor and/or staff member will perform a physical inventory of the School Lunch Fund equipment. Printed and signed by two members of the staff or vendor as part of the segregation of duties.

Anticipated Completion Date:

Ongoing – The findings will require a continual inventory one the policy is put into practice. The policy has been pasted by the School Board and is in place as of March 8, 2016.

FINDING 2014-005

Description of Corrective Action Plan:

The District Deputy Treasurer will direct the business office staff to appoint a second person as part of the segregation of duties to review and to ensure the compliance with the grant agreement and reporting. Printed and signed.

Anticipated Completion Date:

The segregation of duties will be put in place prior to the Reporting tool completion for the summer 2016.

FINDING 2014-006

Description of Corrective Action Plan:

The District Deputy Treasurer will direct the business office staff to appoint a second person as part of the segregation of duties to review the Paid Lunch Equity tool to ensure the compliance with the grant agreement. Printed and signed.

Anticipated Completion Date:

The segregation of duties and will be put in place prior to the Paid Lunch Equity tool completion for the summer 2016.

FINDING 2014-007

Description of Corrective Action Plan:

The District Treasurer will direct the business office staff to appoint a second person as part of the segregation and approval process to ensure the compliance with the cash management, equipment and real property management, level of effort, period of availability, suspension and debarment, and reporting in compliance with the special education-grants to States. Printed and signed.

Anticipated Completion Date:

The procedure will be put in place by Summer 2016.



(Signature)
District Treasurer

3/16/16

SOUTHERN WELLS COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2016, with Vicki S. Andrews, Treasurer; James L. Craig, Superintendent of Schools; and Kevin N. Scott, School Board member.