

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

SOUTH SPENCER COUNTY
SCHOOL CORPORATION
SPENCER COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
08/16/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patti Jones	07-01-13 to 07-09-13
	Diane Parsley	07-10-13 to 09-30-13
	David Marx	10-01-13 to 11-30-14
	Melissa S. Davis	12-01-14 to 06-30-17
Superintendent of Schools	Candis Haskell	07-01-13 to 06-30-15
	Mike Robinson	07-01-15 to 06-30-16
	Richard Rutherford	07-01-16 to 06-30-17
President of the School Board	David Hemmer	01-01-13 to 12-31-13
	Jeff Roberts	01-01-14 to 12-31-14
	Steve Haaff	01-01-15 to 12-31-15
	Matt Bunner	01-01-16 to 12-31-16
	Scott Richard	01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the South Spencer County School Corporation (School Corporation), for the period from July 1, 2013 to June 30, 2015. 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 Result and Comment 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, were not verified for accuracy.

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

June 8, 2017

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Other Matter

Condition

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

The following errors were identified on the SEFA: four federal grants were omitted, commodities for the National School Lunch Program were omitted, four grants had incorrect amounts reported, four grants had incorrect program titles and pass-through entities, and two grants that were included were state funds. In total, the SEFA was overstated by \$15,512,790 for the audit period.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. This includes control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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:

SOUTH SPENCER COUNTY SCHOOL CORPORATION
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."

Cause

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

Effect

The failure to establish a proper system of internal control enabled material misstatements of the SEFA to occur.

Views of Responsible Officials

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

FINDING 2015-002

Subject: Internal Control over 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): FY 13/14, FY 14/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system to ensure compliance with the following compliance requirements: Cash Management, Eligibility, Procurement and Suspension and Debarment, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity.

Cash Management

An effective internal control system was not in place to ensure that the balance in the School Lunch fund, which is the net cash resources, did not exceed the three months average expenditures.

Eligibility

An effective internal control system was not in place to ensure that eligibility determinations were made correctly. Application information was entered into the cafeteria software, which automatically made the determination dependent on the information entered into the system. There was no segregation of duties, such as an oversight, review, or approval process to ensure the information was correctly entered into the system.

Procurement and Suspension and Debarment

An effective internal control system was not in place to ensure that contracts were entered into with the successful bidders and that suspension and debarment verifications were completed.

Reporting

An effective internal control system was not in place to ensure that the monthly Sponsor Claims (claims for reimbursement), Annual Financial Reports, and School Food Authority (SFA) Verification Collection Reports were accurately prepared and submitted. There was no segregation of duties, such as an oversight, review, or approval process.

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

An effective internal control system was not in place to ensure that verification of free and reduced price applications was completed. There was no segregation of duties, such as an oversight, review, or approval process.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

An effective internal control system was not in place to ensure that the paid lunch prices were established in accordance with the weighted-average paid lunch price calculations.

Context

This was a systemic problem within the School Breakfast Program and National School Lunch Program. Controls did not exist over the compliance requirements listed above during the audit period.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
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. . . ."

Cause

Management had not developed a system of internal controls, including segregation of duties, which would have ensured that the School Corporation complied with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system could have enabled material noncompliance with the grant agreement and the compliance requirements to occur.

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 the compliance requirements listed above.

Views of Responsible Officials

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

FINDING 2015-003

Subject: Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 13/14, FY 14/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Other Matter

Condition

The Food Service Director was unaware of the requirements for Procurement and Suspension and Debarment, therefore, the School Corporation did not verify that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to accepting the quote.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

The School Corporation had not verified that the food service vendors were not suspended and debarred prior to accepting the quote.

Criteria

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 that would have ensured that the School Corporation complied with the Procurement and Suspension and Debarment 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 question costs identified.

Recommendation

We recommended that the School Corporation establish controls and implement procedures to comply with the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2015-004

Subject: 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): FY 13/14, FY 14/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Finding: Other Matter

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation was required to determine whether its paid lunch price required adjustments.

Context

The weighted average paid lunch price required to be charged for the 2013-2014 school year to comply with the Special Tests and Provisions - Paid Lunch Equity requirements was \$2.59. According to the School Corporation's calculations the weighted average paid lunch price was \$1.86. The School Corporation did not increase paid lunch prices for the 2013-2014 school year and did not provide additional non-federal funds.

Criteria

7 CFR 210.14(e) states in part:

". . . (3) *Average lunch price is lower than the reimbursement difference.* When the average price from the prior school year is lower than the difference in reimbursement rates as determined in paragraph (e)(1)(iii) of this section, the school food authority shall establish an average price for the current school year that is not less than the average price charged in the previous school year as adjusted by a percentage equal to the sum obtained by adding:

(i) 2 percent; and

(ii) The percentage change in the Consumers Price Index for All Urban Consumers used to increase the Federal reimbursement rate under section 11 of the Act for the most recent school year for which data are available. The percentage to be used is found in the annual notice published in the FEDERAL REGISTER announcing the national average payment rates, from the prior year."

Cause

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the Special Tests and Provisions - Paid Lunch Equity requirements.

Effect

The failure to establish controls enabled material noncompliance to occur. 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 question costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2015-005

Subject: 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): FY 12/13, FY 13/14, FY 14/15
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness and Other Matter

Condition

Management of the School Corporation had not established an effective internal control system that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation had not maintained the documentation necessary to support the employees' salaries and wages charged to the federal program. For those employees that were paid entirely from the Title I Grants to Local Educational Agencies program, the School Corporation did not maintain any Semi-Annual Certifications. For employees that had a portion of their wages paid from the Title I Grants to Local Educational Agencies program, some employees had Personnel Activity Reports; however, Personnel Activity Reports were not completed properly. Employee's timesheets did not match the Personnel Activity Reports and some employees did not maintain Personnel Activity Reports.

Context

There were no Semi-Annual Certifications completed in the 2013-2014 and the 2014-2015 school years. Personnel Activity Reports were either not maintained or were maintained incorrectly for all employees in the 2013-2014 and the 2014-2015 school years.

Criteria

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 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,

SOUTH SPENCER COUNTY 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

Management had not developed a system of internal controls that that would have ensured that the School Corporation complied with the Allowable Costs/Cost Principles requirements.

Effect

The failure to establish an effective internal control system enabled 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 and implement procedure to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles requirements.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): FY 12/13, FY 13/14, FY 14/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness and Other Matter

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system that would have ensured compliance with the grant agreement and the Eligibility compliance requirement.

The School Corporation did not maintain the documentation necessary to support the eligibility of students served under this federal program at South Spencer Middle School.

Context

There was no audit evidence available for all South Spencer Middle School students to determine if an assessment/worksheet was prepared to support that the student should have been served under the program.

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 that would have insured that the School Corporation maintained and made available for audit the documentation necessary to support the eligibility of students served under this federal program.

Effect

The failure to establish effective internal controls that would have ensured that documentation was maintained and available for audit prevented the determination of the School Corporation's compliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to ensure that Eligibility determination records are maintained and are available for audit.

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Views of Responsible Officials

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

FINDING 2015-007

Subject: Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Program: Special Education_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14213011PN01, 14214011PN01,
14215011PN01, 99914011TA01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness and Other Matter

Condition

The School Corporation was a member of the Exceptional Children's Co-op (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds.

Management of the Cooperative had not established an effective internal control system, to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The Cooperative's Director signed the Application and Assurance Plan as a Condition of Federal Assistance, which stated that the Cooperative would check subcontractors to ensure they were not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal agency or by any department, agency, or political subdivision of the State of Indiana. However, the Cooperative did not have procedures in place to verify that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a contract with them.

Context

During the 2014-2015 school year, there were two contracts entered into that exceeded \$25,000. The Cooperative did not verify that the vendors were not suspended or debarred prior to awarding the contracts.

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. . . ."

SOUTH SPENCER COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 that would have ensured that the School Corporation complied with the grant agreement and the Procurement and Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with 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 question costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to monitor the Cooperative to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment 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.



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Richard Rutherford - Superintendent

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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Treasurer will prepare the SEFA and the Superintendent will review it to ensure it is accurate and complete.

Anticipated Completion Date: Immediate

FINDING 2015-002

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

After Food Service Director has completed monthly reconciliation of School lunch funds, the Treasurer will sign-off on documents to ensure that cash balance do not exceed average expenditures for three months.

All applications will be copied and organized in files for the school year. An employee from the kitchen staff will be asked to help (as needed) with applications during the first of the school year when applications are coming in daily.

Claims- Kitchen managers will be asked to run the reports needed for claims. Food Service Director will train on this procedure. Food Service Director will enter claims and make copies paperwork for files. Kitchen managers will sign off on order for frozen foods, dry goods, and produce before sending to Food Service Director. Food Service Director will place the orders. All invoices will be signed by Kitchen Managers.

When paying for supplies Food Service Director will prepare checks for signing by Superintendent. All paperwork is available if there are questions concerning account payables.

Tammy Small is the confirmation officer for the Verification process. She checks over the applications pulled for verification and signs off on them. Files are kept on verification, and as of my last SMI audit in 2016, everything is in order.

Food Service Director and Treasurer will keep records of successful bidders. Verification concerning suspension and debarment will be completed by Food Service Director and confirmed by Treasurer.

Food Service Director will work closely with Treasurer to ensure the Annual Financial reports are prepared correctly and are submitted in a timely manner.

Food Service Director will work with Deputy Treasurer to ensure paid lunch prices are confirmed and determined by using the paid equity tool supplied by the National School Lunch Program

Anticipated Completion Date: Immediate

FINDING 2015-003

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

As of 2015/2016 School year a new bid, process has been in place. Suspension and Debarment criteria was added to bid and a procurement plan is in place.

Anticipated Completion Date: Immediate

FINDING 2015-004

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Food Service Director has had training on the Price Equity Tool. This is to ensure that paid lunches and non-Federal source contributions meet requirements put forth in Section 205 of the Healthy, Hunger-Free Act of 2010.

The South Spencer Board of Education will approve price increases.

Anticipated Completion Date: Immediate

FINDING 2015-005

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Title I Administrator will monitor and collect all semiannual certificates, time and effort logs. The records will be kept on file at the corporation office. Each building will also keep a copy on file.

Anticipated Completion Date: Immediate

FINDING 2015-006

Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Title I Administrator will assist each building administrator in the identification of eligible students. The records will be kept on file at the corporation office. Each building will also keep a copy on file.

Anticipated Completion Date: Immediate

FINDING 2015-007

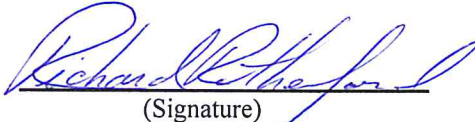
Contact Person Responsible for Corrective Action: Richard Rutherford
Contact Phone Number: 812-649-2591

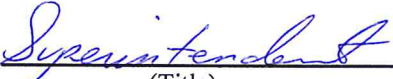
Views of Responsible Official: We concur with the finding.

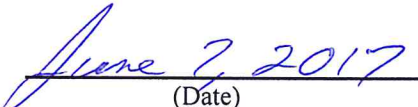
Description of Corrective Action Plan:

As a member of the Board of the Exceptional Children's Co-op, the Superintendent will ensure that the Exceptional Children's Co-op verifies that vendors are not suspended or debarred from participation in federal assistance programs prior to awarding contracts with them.

Anticipated Completion Date: Immediate


(Signature)


(Title)


(Date)

SOUTH SPENCER COUNTY SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

PENALTIES, INTEREST, AND OTHER CHARGES

The School Corporation paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$14,100 because the School Corporation did not remit payments on a timely basis from April 1, 2014 to November 30, 2014, for the biweekly payroll tax remittances as required.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

SOUTH SPENCER COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2017, with Melissa S. Davis, Treasurer; Richard Rutherford, Superintendent of Schools; Scott Richard, President of the School Board; and Diane Parsley, former Treasurer.