

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SEYMOUR COMMUNITY SCHOOLS

JACKSON COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED

09/08/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy R. Lumley (Vacant) Steve Nauman	07-01-13 to 09-27-13 09-28-13 to 01-05-14 01-06-14 to 06-30-18
Superintendent of Schools	Robert D. Hooker	07-01-13 to 06-30-18
President of the School Board	Art Juergens	07-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SEYMOUR COMMUNITY SCHOOLS, JACKSON COUNTY, INDIANA

This report is supplemental to our audit report of the Seymour Community Schools (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 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

July 19, 2017

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2015-001

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to the collection and recording of School Corporation receipts.

The Accounts Payable Clerk (AP Clerk) wrote and posted receipts and also prepared deposits for the School Corporation collections. The AP Clerk ran edit reports of the receipts and the Treasurer would review the receipts and verify they agreed with the deposits. However, there was no documentation retained to verify that this control procedure has been completed.

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. The standards include adequate 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. . . ."

Cause

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

Effect

The failure to establish these controls could have enabled material misstatements or irregularities to remain undetected.

Views of Responsible Officials

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

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-002

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

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 Treasurer prepared the SEFA, but no evidence was presented that indicated there was an oversight, review, approval or other compensating controls in place to verify the accuracy of the information and amounts.

During the audit of the SEFA, there were the following errors:

1. The expenditures of three federal grant programs were reported incorrectly, resulting in an overstatement of \$200,243.
2. A state grant with expenditures of \$26,667 was reported as a federal grant.
3. The federal program titles for several federal programs listed on the SEFA were incorrect.

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. The standards include adequate 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 § _____.310. . . ."

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

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

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

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

Views of Responsible Officials

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

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-003

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Special Milk Program for Children
CFDA Numbers: 10.553, 10.555, 10.556
Federal Award Number and Year (or Other Identifying Number): 3675
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

The Food Service Director was responsible for the preparation and submission of the Annual Financial Reports and the Sponsor Claim (claims for reimbursement). No evidence was presented for audit indicating that the Annual Financial Reports and the Sponsor Claim (claims for reimbursement) had compensating controls to ensure the accuracy and completeness of those reports by someone other than the preparer.

Context

This was a systemic problem during the audit period for the program. Controls did not exist over the Reporting compliance requirement pertaining to all Annual Financial Reports and Sponsor Claim (claims for reimbursement) submitted.

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 of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 Education Cluster (IDEA) - Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Number: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-98-PN01, 14214-98-PN01,
14215-98-PN01, 99914-98-TA01,
45714-98-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement.

The Treasurer was responsible for the preparation and submission of the Final Financial Reports. No evidence was presented for audit indicating that the Final Financial Reports had compensating controls to ensure the accuracy and completeness of those reports by someone other than the preparer.

Context

This was a systemic problem during the audit period for the programs. Controls did not exist over the Reporting compliance requirement pertaining to all Final Financial Reports submitted.

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. . . ."

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-005

Subject: Title I Grants to Local Educational Agencies - 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): 13-3675, 14-3675, 15-3675
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matter/Modified Opinion

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.

During the audit period, the School Corporation did not present the Semi-Annual Certifications for the periods of January 1, 2014 to June 30, 2014; July 1, 2014 to December 31, 2014; and January 1, 2015 to June 30, 2015. Personnel Activity Reports for two employees who were paid from more than a single cost objective were not available for audit from February 2014 through June 2015.

Context

No evidence was presented that Semi-Annual Certifications were completed and certified for the periods January 1, 2014 to June 30, 2014; July 1, 2014 to December 31, 2014; and January 1, 2015 to June 30, 2015. Two employees during the audit period were paid from more the one cost object, but Personnel Activity Reports of the employees were not presented for audit for the period February 2014 through June 2015.

SEYMOUR COMMUNITY SCHOOLS
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. . . ."

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 that standards in subsection (5) unless a statistical sampling system or other substitute system have been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

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

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee. . . ."

Cause

The School Corporation did not have a system in place to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the 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 2015-006

Subject: Title I Grants to Local Educational Agencies - 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): 13-3675, 14-3675, 15-3675

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Scope Limitation/Modified Opinion

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Eligibility.

The Title I Director prepared and submitted the grant application and the Superintendent of Schools certified the application. Although controls were in place to ensure that information entered on the grant applications were accurately completed, they were not effective. Evidence was not presented for audit to support enrollment and poverty figures of the nonpublic schools entered in the eligible schools summary in the grant application.

Context

This was a systematic problem during the entire audit period for the program. Controls did not exist over the Eligibility compliance requirement pertaining to the supporting documentation for nonpublic schools.

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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

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

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the grant agreement and the Eligibility compliance requirement.

Effect

The failure to retain and provide appropriate supporting documentation prevented the determination of School Corporation's compliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to the grant agreement and the 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 2015-007

Subject: Title I Grants to Local Educational Agencies - Reporting
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): 13-3675, 14-3675, 15-3675
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Reporting.

The Treasurer was responsible for the preparation and submission of the Annual Expenditure Reports. No evidence was presented for audit indicating that the Annual Expenditure Reports had compensating controls to ensure the accuracy and completeness of those reports by someone other than the preparer.

Context

This was a systemic problem during the audit period for the program. Controls did not exist over the Reporting compliance requirement pertaining to all Annual Expenditure Reports submitted.

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 of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the compliance requirement.

Views of Responsible Officials

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

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2015-008

Subject: Title I Grants to Local Educational Agencies - Special Tests 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): 13-3675, 14-3675; 15-3675
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
Audit Findings: Material Weakness, Scope Limitation/Modified Opinion

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the requirements for Special Tests and Provisions - Comparability compliance requirement.

The School Corporation had not designed and implemented adequate policies and procedures to ensure comparability reports were being completed and submitted to the Department of Education when required.

The Comparability reports were not presented for audit for SY 2013-2014 and SY 2014-2015.

Context

This was a systemic problem during the entire audit period for the Title I program. Controls did not exist over the compliance requirements for Special Tests and Provision - Comparability.

Criteria

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

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

34 CFR 74.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Secretary. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls to ensure that documentation was maintained and made available for audit relating to the Special Tests and Provisions - Comparability compliance requirement.

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

The failure to maintain supporting documentation prevented the ability to verify if the School Corporation was in compliance with the requirements for Special Tests and Provisions - Comparability.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure that documentation was maintained and made available for audit relating to the grant agreement and the 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 2015-009

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions -
Annual Report Card, High School Graduation Rate
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 13-3675, 14-3675, 15-3675
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card,
High School Graduation Rate
Audit Findings: Material Weakness, Other Matter/Modified Opinion

Condition

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

For students who were removed from the graduation cohort, proper supporting documentation was not maintained. The School Corporation could not provide official written documentation that the student enrolled in another school.

Context

This was a systemic problem for the entire audit period. Although students removed from the cohort were coded as transfers, proper supporting documentation was not presented for audit to be able to verify the transfer. The School Corporation could not provide official written documentation that the student enrolled in another school.

SEYMOUR COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Criteria

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

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

34 CFR 200.19(b)(ii)(B) states:

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

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the compliance requirement and the grant agreement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance with the grant agreement and the compliance requirement.

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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CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2015-001

Subject: Internal Controls over Financial Transactions and Reporting

Audit Finding: Material Weakness

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Seymour Community Schools will correct the deficiencies in the internal control system related to financial transactions and reporting. The Business Office will separate incompatible activities related to the collection and recording of Corporation receipts.

The Accounts Payable Clerk (AP Clerk) will write and post receipts and also make up deposits for the School Corporation collections. The AP Clerk will run edit reports of the receipts, and the Treasurer or Deputy Treasurer will review the receipts and verify they agree with the deposits. Documentation will be retained to verify that this control procedure has been completed. This documentation will support the expectation of segregation of duties.

Anticipated Completion Date: July 1, 2017

FINDING 2015-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Finding: The Finding is a Material Weakness and Material Noncompliance

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Seymour Community Schools has implemented a proper system of internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer will prepare the SEFA, and the Deputy Treasurer will review all information to show evidence that indicates there was oversight, review, approval or other compensating controls in place to verify the accuracy of the information and amounts.

Anticipated Completion Date: July 1, 2016

Section III – Federal Award Findings and Questioned Costs

FINDING 2015-003

Audit Finding: This Finding is a Material Weakness

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Management of Seymour Community Schools has now established an effective internal control system related to the grant agreement and the compliance requirements for Reporting.

The Food Service Director will be responsible for the preparation and submission of the National School Lunch Program Annual Financial Reports and the Sponsor Claim Summary Reports. The Assistant to the Food Service Director will review and sign the reports to show evidence that the Annual Financial Reports and the Sponsor Claim Summary Reports were reviewed to ensure the accuracy and completeness of those reports by someone other than the preparer.

Anticipated Completion Date: July 1, 2017

FINDING 2015-004

Audit Finding: This Finding is a Material Weakness

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The management of Seymour Community Schools has established an effective internal control system related to the grant agreement and the compliance requirements for Reporting.

The Corporation Treasurer will be responsible for the preparation and submission of the Final Financial Reports. The Deputy Treasurer will review and verify to show evidence that the Final Financial Reports were reviewed to ensure the accuracy and completeness of those reports by someone other than the preparer. This process will demonstrate internal controls to ensure compliance with the grant agreement and compliance requirements.

Anticipated Completion Date: July 1, 2016

FINDING 2015-005

Audit Finding: This Finding is a Material Weakness and a Compliance Deficiency which caused an Opinion Modifications.

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Seymour Community Schools has established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirements.

Where employees are expected to work solely on a single Federal award or cost objective, charges or 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. There certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

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 that standards in subsection (5) unless a statistical sampling system or other substitute system have been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

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

Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,
- (b) They must account for the total activity, for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.

Anticipated Completion Date: July 1, 2015

FINDING 2015-006

Audit Finding: This Finding is a Material Weakness and a Control Deficiency which caused an Opinion Modification.

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Seymour Community Schools has established an effective internal control system related to the grant agreement and the requirements for Eligibility.

The Title I Director prepares and submits the grant application and the Superintendent certifies the application. Controls are in place to ensure that information entered on the grant application is accurately completed. Evidence will be presented for audit to support enrollment and poverty figures of the non-public schools entered in the eligible schools summary in the grant application.

The Management of the School Corporation will follow the policies and procedures that were developed and implemented to ensure that the School Corporation complied with the grant agreement and the compliance requirements for Eligibility.

Anticipated Completion Date: July 1, 2015

FINDING 2015-007

Audit Finding: This Finding is a Material Weakness

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Management of Seymour Community Schools has established an effective internal control system related to the grant agreement and the requirements for Reporting.

The Corporation Treasurer is responsible for the preparation and submission of the Annual Expenditure Reports. The Deputy Treasurer will review the reports to show evidence for audit that the Annual Expenditure Reports were reviewed to ensure the accuracy and completeness of those reports by someone other than the preparer.

This will demonstrate controls exist to support the compliance requirements for Reporting pertaining to all Annual Expenditure Reports submitted.

Anticipated Completion Date: July 1, 2016

FINDING 2015-008

Audit Finding: This Finding is a Material Weakness and a Compliance Deficiency which caused an Opinion Modification.

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Management of the School Corporation has established an effective internal control system related to the grant agreement and the requirements for Special Tests and Provisions – Comparability.

The School Corporation has designed and implemented adequate policies and procedures to ensure comparability reports are being completed and submitted to DOE when required.

Management will maintain supporting documentation of internal control procedures to verify Seymour Community Schools is compliant with the requirements for Special Tests and Provisions – Comparability.

Anticipated Completion Date: July 1, 2015

FINDING 2015-009

Audit Finding: This Finding is a Material Weakness and a Compliance Deficiency which caused an Opinion Modifications.

Contact Person Responsible for Corrective Action: Steve Nauman, Treasurer
Contact Phone Number: (812) 522-3340

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Management of the School Corporation has established an effective internal control system related to the grant agreement and the Special Tests and Provisions – Annual Report Card, High School Graduation Rate compliance requirements.

For students who were removed from the graduation cohort, proper supporting documentation will be maintained. The School Corporation will provide official written documentation that the student enrolled in another school when possible

This evidence will help ensure that Seymour Community Schools has complied with the Special Tests and Provisions – Annual Report Card, High School Graduation Rate.

Anticipated Completion Date: August 1, 2017



(Signature)

TREASURER

(Title)

7-19-17

SEYMOUR COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2017, with Steve Nauman, Treasurer; Robert D. Hooker, Superintendent of Schools; Lisa Ferguson, Assistant Superintendent of Schools; and Brandon Harpe, Assistant Superintendent of Schools.