

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION

PUTNAM COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/19/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tanya J. Pearson	07-01-13 to 06-30-18
Superintendent of Schools	Daniel A. Noel	07-01-13 to 06-30-18
President of the School Board	John Hays Jill Summerlot John Hays Amber Greene	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE NORTH PUTNAM COMMUNITY
SCHOOL CORPORATION, PUTNAM COUNTY, INDIANA

This report is supplemental to our audit report of the North Putnam Community 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 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

August 3, 2017

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001

Subject: Special Education_Grants to States - Equipment and Real Property Management
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): A58-3-13DL-1443
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
Audit Finding: Significant Deficiency

Condition

An effective internal control system was not operating as intended at the School Corporation to ensure compliance with requirements related to the grant agreement and the requirements for the Equipment and Real Property Management compliance requirement.

The School Corporation adopted a policy regarding the maintenance of capital asset records, but did not have a system in place to ensure that all assets and related information was entered on the capital asset records in accordance with the policy.

Context

Internal controls over the Equipment and Real Property Management compliance requirement were not properly implemented throughout the audit period.

Criteria

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

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

Cause

Management did not properly implement an effective system of internal controls that would have ensured compliance with equipment and real property management requirements or the policy adopted by the School Corporation.

Effect

The failure of the internal control system to operate as intended placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management properly implement controls, including segregation of duties, related to the grant agreement and the equipment and real property management 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 2015-002

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): FY2013, FY2014, FY2015

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

The School Corporation established eligibility standards for students in the Title I program, based on standardized testing, as required by the Department of Education. Title I teachers made the determination of which students were to receive Title I benefits, in accordance with the standards, but there was no evidence of an internal control such as oversight, review, or approval process over the determinations.

Context

Internal control issues were systemic, occurring throughout the audit period.

Criteria

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

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

Cause

Management did not develop a system of internal controls that segregated key functions.

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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 Eligibility compliance requirement.

Views of Responsible Officials

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

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
300 NORTH WASHINGTON STREET
P.O. BOX 169
BAINBRIDGE, INDIANA 46105-0169

PHONE: 765-522-6218

FAX: 765-522-3562

Daniel Noel
Superintendent
dnoel@nputnam.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Daniel Noel, Superintendent

Contact Phone Number: 765-522-6218

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Our corrective action plan would be to make sure all inventory is logged and tagged before releasing to staff. The inventory will be added to our inventory list, asset tagged and location it is being housed. There will be a list of who is assigned the inventory and checked back in at the end of the school year. The building principal and IT personnel shall be responsible for making sure all assets are returned at the end of the school year. These list will be stored at building level and central office.

Anticipated Completion Date: August 4, 2017

Samy Vance
Corp. Treasurer
8/3/17

Daniel Noel

(Signature)
Supi. of Schools

(Title)
8/3/2017

(Date)

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300 NORTH WASHINGTON STREET
P.O. BOX 169
BAINBRIDGE, INDIANA 46105-0169

PHONE: 765-522-6218 FAX: 765-522-3562

Daniel A. Noel, Ed.S.
Superintendent
dnoel@nputnam.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Rodney Simpson, Title I Coordinator

Contact Phone Number: 765-522-6233

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

We will now have evidence of an internal control system such as a sign in sheet that will be dated and put into place. A meeting will occur between Title I staff, classroom teacher, and the principal. Each individual in the meeting will sign the form verifying a conference took place.

Anticipated Completion Date: 8/04/2017

James Vance
Corporation Supervisor
8/3/17

Rodney Simpson

(Signature)
Principal - Title I

(Title)
8-3-17

(Date)

NORTH PUTNAM COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on August 3, 2017, with Tanya J. Pearson, Treasurer; Heather D. Lawson, Deputy Treasurer; Daniel A. Noel, Superintendent of Schools; Darrell Wiatt, School Board member; Terry Tippin, Department of Technology; and Rodney Simpson, Principal and Title I Director.