

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
DUBOIS 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	Tracy A. Troesch	07-01-13 to 12-31-17
Superintendent of Schools	Richard D. Allen	07-01-13 to 06-30-18
President of the School Board	Kent Uebelhor	07-01-13 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE SOUTHEAST DUBOIS COUNTY
SCHOOL CORPORATION, DUBOIS COUNTY, INDIANA

This report is supplemental to our audit report of the Southeast Dubois 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 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 14, 2017

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001

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): FY2014, FY2015
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Reporting, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)
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 following compliance requirements: Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Reporting

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

Context

These were systemic issues. Controls did not exist over the compliance requirements listed above during the audit period.

Criteria

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

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

Cause

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

SOUTHEAST DUBOIS COUNTY 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 requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

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 2015-002

Subject: Special Education_Grants to States - 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): 14213-011-PN01, 14214-011-PN01,
14215-011-PN01, 99914-011-TA01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the Exceptional Children's Cooperative (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 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 vendors were not suspended, debarred, or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into contracts with them.

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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. . . ."

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 Cooperative complied with the grant agreement and the 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 develop and implement procedures and establish controls to monitor the Cooperative to ensure compliance with the grant agreement and the 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.

Southeast Dubois County School Corporation

Board Members:
Kent Uebelhor
Matt Eckert
Cecelia Hamilton
Elaine Miller
Brian Partenheimer

432 E 15th Street
Ferdinand, Indiana 47532
(812) 817-0900
(812) 367-1075

Richard D. Allen
Superintendent
Tracy Troesch
Treasurer
Sharon Welp
Deputy Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-001

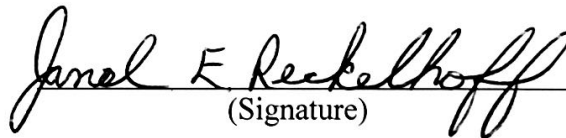
Contact Person Responsible for Corrective Action: Janel Reckelhoff
Contract Phone Number: (812) 817-0900

Description of Corrective Action Plan:

The Annual Financial Report is completed by Janel Reckelhoff, Food Service Director, from the financial statements. Tracy Troesch, Corporation Treasurer, reviews and signs off on the Annual Financial Report.

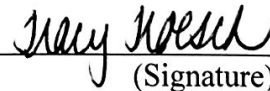
The verification of free and reduced applications are performed by Janel Reckelhoff, Food Service Director. The DOE department of nutrition notifies Janel the number of applications to verify based on their review and findings for the School Corporation. During the 2016-2017 school year, Lisa Fletcher, Guidance Secretary, reviewed and signed the applications for verification of application review. For the 2017-2018 school year and forward, Sharon Welp, Deputy Treasurer, and/or Tracy Troesch, Treasurer, will review and sign the applications for verification of application review. The change in reviewers is due to Janel's office relocation from Forest Park Jr./Sr. High School to the Central Office.

Anticipated Completion Date: Immediate


(Signature)

Food Service Director
(Title)

08/02/2017
(Date)


(Signature)

Treasurer
(Title)

08/02/2017
(Date)

Southeast Dubois County School Corporation

Board Members:

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Matt Eckert
Cecelia Hamilton
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Richard D. Allen
Superintendent
Tracy Troesch
Treasurer
Sharon Welp
Deputy Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Richard Allen
Contract Phone Number: (812) 817-0900

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 participating in federal assistance programs prior to awarding contracts to them.

Anticipated Completion Date: Immediate



(Signature)

Superintendent
(Title)

08/03/2017
(Date)

SOUTHEAST DUBOIS COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on August 14, 2017, with Richard D. Allen, Superintendent of Schools; Tracy A. Troesch, Treasurer; Kent Uebelhor, President of the School Board; and Janel Reckelhoff, Food Service Director.