

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

SOUTH PUTNAM COMMUNITY
SCHOOL CORPORATION
PUTNAM COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/25/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca J. Samsel	07-01-13 to 06-30-18
Superintendent of Schools	Bruce D. Bernhardt	07-01-13 to 06-30-20
President of the School Board	David Bombei Wesley Hacker	07-01-13 to 06-30-14 07-01-14 to 06-30-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the South 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 31, 2017

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001

Subject: Title I Grants to Local Educational Agencies - Cash Management and 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): 13-6705, 14-6705, 15-6705
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Cash Management, Reporting
Audit Findings: Material Weakness, Other Matters

Condition

Cash Management

The School Corporation did not have internal controls in place to ensure that Requests for Reimbursement submitted to the Indiana Department of Education were accurate and included only expenditures paid prior to submission. Seven of the eight Requests for Reimbursement filed during the audit period included amounts for future payroll expenditures.

Reporting

Final Expenditure Reports were prepared and filed by the Treasurer with no oversight, review, approval process, or other compensating control.

Context

These were systemic problems that occurred 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. . . ."

34 CFR 80.21(d) states in part: "*Reimbursement*. Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management and Reporting compliance requirements.

Effect

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the grant agreement and the Cash Management and Reporting compliance requirements.

Views of Responsible Officials

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

FINDING 2015-002

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): 13-6705, 14-6705, 15-6705
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

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 Allowable Costs/Cost Principles compliance requirement.

All employees paid from Title I funds worked solely on Title I services, but Semi-Annual Certifications were not completed.

Context

There were no Semi-Annual Certifications completed 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. . . ."

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

OMB Circular A-87, Attachment B, section 8h(3) states:

"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."

Cause

Management had not developed a system of internal controls that would have ensured the School Corporation complied with the Allowable Costs/Cost Principles compliance requirement concerning Semi-Annual Certifications.

Effect

The failure to establish internal controls enabled material noncompliance to occur. Noncompliance with the Allowable Costs/Cost Principles 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 procedures to ensure compliance with the grant agreement and the Allowable Costs/Costs Principles 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 2015-003

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): 13-6705, 14-6705, 15-6705

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Comparability, Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

Condition

Special Tests and Provisions - Comparability

The Title I Director was solely responsible for completing and submitting the required Comparability Reports. There was no oversight or approval process in place to ensure that Comparability Reports were accurate.

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Special Tests and Provisions - Annual Report Card, High School Graduation Rate

The Data Analyst was solely responsible for completing and submitting the Graduation Cohort Status report. There was no oversight, review, or approval process in place to ensure the Graduation Cohort Status report was accurate.

Context

The lack of controls were a systemic problem 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 had not developed a system of internal controls that included segregating key functions.

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 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 Special Tests and Provisions - Comparability and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirements.

Views of Responsible Officials

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

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION

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“Successful Tradition – Innovative Future”

Bruce D. Bernhardt, Superintendent

Rebecca J. Samsel, Treasurer

Terri L. Beasley, Administrative Assistant

Lori A. Siddons, Secretary

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Bruce D. Bernhardt

Contact Phone Number: 765-653-3119

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Superintendent will review and sign off on all reports for accuracy. Cash requests will not include anticipated expenditures for the time frame between submitting the request and receiving the funds which is typically fifteen days.


Anticipated Completion Date: 9/5/2017



(Signature)



(Title)



(Date)

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION

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Bruce D. Bernhardt, Superintendent

Rebecca J. Samsel, Treasurer

Terri L. Beasley, Administrative Assistant

Lori A. Siddons, Secretary

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Bruce D. Bernhardt
Contact Phone Number: 765-653-3119


Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The reports have been completed together in the past but the final review and verification signatures did not take place. The Superintendent and Treasurer will now sign off on the Comparability Report that they collaborated on the data together and can verify the accuracy of the report.

The Graduation Cohort Status report has always been a collaborative effort between the Data Analyst, the Counselor, and the Principal but there has been no documentation to verify that the report was reviewed and approved by those involved. The Principal and/or the Counselor will review and sign off on the final report uploaded into the STN system to verify the accuracy of the report.

Anticipated Completion Date: 9/5/2017



(Signature)

Superintendent

(Title)

9-30-2017

(Date)

SOUTH PUTNAM COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on August 31, 2017 with Bruce D. Bernhardt, Superintendent of Schools; Rebecca J. Samsel, Treasurer; and Teri L. Beasley, Administrative Assistant to the Superintendent of Schools.