

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

SUPPLEMENTAL COMPLIANCE REPORT
OF

LAWRENCEBURG COMMUNITY
SCHOOL CORPORATION

DEARBORN COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pam Taylor	01-01-13 to 12-31-17
Superintendent of Schools	Karl Galey	07-01-13 to 06-30-18
President of the School Board	Kelly Mollaun Greg McAdams Bryan Johnson	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE LAWRENCEBURG COMMUNITY SCHOOL
CORPORATION, DEARBORN COUNTY, INDIANA

This report is supplemental to our audit report of the Lawrenceburg 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

September 19, 2017

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2015-001

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

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding numbers were 2013-002 and 2013-003.

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

Context

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts. The Treasurer was primarily responsible for issuing receipts, posting receipts, and making bank deposits. There was no segregation of duties, such as an oversight, review or approval process, or other compensating control.

Payroll: The School Corporation did not have a proper system of internal controls in place to ensure that all payroll disbursements were properly approved. The School Corporation's bi-weekly payroll, including the employee direct deposit report, net pay checks, and various payroll withholding remittances, was not submitted to the School Board for approval. Also, the biweekly transfer of funds from the School Corporation's general bank account to the payroll bank account for the gross payroll was not approved by the School Board.

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. . . ."

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cause

The School Corporation had not established a proper system of internal controls over financial transactions and reporting.

Effect

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

Recommendation

We recommended the School Corporation's management establish controls, including segregation of duties, related to the financial transactions and reporting.

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

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-001.

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 was the person solely responsible for preparing and submitting the SEFA. There was no segregation of duties documented, such as an oversight, review or approval process, or other compensating control. The lack of controls enabled material misstatement of the SEFA.

Context

The total federal awards expended were understated by \$10,037. 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:

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

"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. . . ."

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."

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended the School Corporation's management establish controls, including segregation of duties, related to the SEFA.

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: Internal Controls 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): 14-1620, 15-1620
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Cash Management,
Eligibility, Program Income, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is not a repeat finding from the immediate prior year.

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: Activities Allowed or Unallowed, Cash Management, Eligibility, Program Income, and Reporting.

Activities Allowed or Unallowed

The School Corporation had not established a control to ensure funds were only expended for allowable activities of the program. There were no controls over payroll transactions and reporting.

Cash Management

The School Corporation had not established a control to ensure the food service balance (net cash resources) did not exceed the three months average expenditures.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Eligibility

The School Corporation had not established a control over the determination of eligibility for free and reduced price applications. One employee determined eligibility during the audit period without any compensating control.

Program Income

The School Corporation had not established a control over verifying the recording of daily cash receipts and corresponding deposits into the bank, including the determination and posting of program income. The School Corporation had not reviewed the daily recorded cash receipts for all school buildings to ensure all cash was deposited.

Reporting

The School Corporation had not established a control to verify the accuracy of reports submitted. The Food Service Director and Assistant Food Service Director prepared and submitted the School Food Authority (SFA) Verification Collection Reports, the Annual Financial Report, and the Sponsor Claims (claims for reimbursement) without any compensating controls.

Context

The lack of controls was a systemic problem. There were no documented internal controls for these compliance requirements 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

The School Corporation had not developed a system of internal controls that segregated 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.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

LAWRENCEBURG COMMUNITY 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 2015-004

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
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): 14-1620, 15-1620
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

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.

The School Corporation was required to maintain Semi-Annual Certifications on all full and part time employees paid from the grant. There were no Semi-Annual Certifications maintained by the School Corporation for full or part time employees paid from the grant during the audit period.

Context

The lack of controls and noncompliance were systemic problems 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. . . ."

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."

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles requirements outlined above.

Effect

The failure to establish an effective internal control system 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 the School Corporation's management establish controls to ensure compliance with 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 2015-005

Subject: Child Nutrition Cluster - 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): 14-1620, 15-1620
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

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 Procurement and Suspension and Debarment compliance requirement. There were no controls to ensure vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not comply with the Procurement and Suspension and Debarment requirements. They did not complete any of the possible actions to ensure that contractors procured were not suspended or debarred.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

This was a systemic problem. The School Corporation failed to comply with the Procurement and Suspension and Debarment compliance requirement 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. . . ."

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 compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish effective 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 the School Corporation's management establish controls to ensure compliance 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.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2015-006

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

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): 12-1620, 13-1620, 14-1620

Pass Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Cash Management, Level of Effort,
Period of Performance, Reporting, Special Tests and Provisions -
Participation of Private School Children, Special Tests and Provisions -
Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-005.

Condition

Management of the School Corporation had not established an effective internal control system related to the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Level of Effort, Period of Performance, Reporting, Special Tests and Provisions - Participation of Private School Children, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

Context

Activities Allowed or Unallowed

One employee was responsible for preparing and submitting reimbursement requests. There was no control in place to ensure only allowable activities were reimbursed.

Cash Management

One employee was responsible for preparing and submitting reimbursement requests. There was no control in place to ensure the unit only requested reimbursement for costs the unit had incurred prior to submission of the reimbursement request.

Period of Performance

One employee was responsible for preparing and submitting reimbursement requests. There was no control in place to ensure the costs being reimbursed were within the period of performance.

Level of Effort

The School Corporation had not implemented a procedure to ensure the level of effort calculation was accurate.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Reporting

One employee was responsible for preparing and submitting required reports. There was no control in place to ensure reports were accurate prior to submission.

Special Tests and Provisions - Participation of Private School Children

The School Corporation had not implemented a procedure to ensure the reimbursement request from the private school was consistent with the grant budget and expenditure requirements.

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

One employee was responsible for preparing and submitting required reports. There was no control in place to ensure reports were accurate prior to submission.

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 segregated key functions related to the compliance requirements mentioned under *Context* above.

Effect

The failure to 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 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 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.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2015-007

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): 12-1620, 13-1620, 14-1620
Pass Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility compliance requirement.

Context

The School Corporation did not retain supporting documentation for the non-public enrollment and public poverty data within the Eligible School Summary Reports in the Title I grant applications for fiscal years 2014 and 2015.

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 . . ."

Cause

The School Corporation had not developed a system of internal controls to provide oversight of the calculation of eligibility.

Effect

The failure to establish internal controls 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.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended the School Corporation's management begin keeping supporting documentation on file to support the figures represented in the Eligible School Summary Report.

Views of Responsible Officials

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

FINDING 2015-008

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): 12-1620, 13-1620, 14-1620
Pass Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The School Corporation did not maintain Semi-Annual Certifications.

Context

The lack of controls and failure to maintain semiannual certifications were systemic problems 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. . . ."

LAWRENCEBURG 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 segregated key functions related to the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish internal controls 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 questioned costs identified.

Recommendation

We recommended the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and comply with the compliance requirement 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 2015-009

Subject: Special Education Cluster (IDEA) - Cash Management and Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-052-PN01, 14214-052-PN01,
99914-052-TA01, 14215-052-PN01,
45714-052-PN01, 45713-052-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Reporting

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2013-006.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

Management of the School Corporation had not established an effective internal control system related to the Cash Management and Reporting compliance requirements.

Cash Management

The School Corporation designated a Fiscal Agent to receive and manage the Special Education programs. Management of the School Corporation had not implemented controls over the Fiscal Agent related to the Cash Management compliance requirement. Reimbursement requests were prepared by the Fiscal Agent's Treasurer. There was no control in place to ensure expenditures were paid prior to requesting reimbursement.

Reporting

The School Corporation designated a Fiscal Agent to manage the Special Education programs. Management of the School Corporation had not implemented controls over the Fiscal Agent related to the Reporting compliance requirement. Grant reports were prepared and submitted by the Fiscal Agent's Treasurer. There was no control in place to ensure the reports were accurate prior to submission.

Context

The lack of controls over the above-listed requirements was 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 would have provided oversight of duties performed by the Fiscal Agent to ensure compliance with the compliance requirements listed above.

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. The lack of controls could have also allowed noncompliance with 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.

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls 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.

LAWRENCEBURG COMMUNITY SCHOOLS

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CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Pam Taylor
Contact Phone Number: 812-537-7202

Cash and checks received are recorded on form 517 by someone other than the person who reconciles the related bank account. Executive Secretary signs off on bank statements as they are received to ensure originals are used for reconciliations. Receipts of funds through ACH may be recorded by the person who has notice of those ACH transactions. We have separated incompatible activities related to receipts and payroll and related liabilities. Payroll is submitted for School Board approval.

Completion Date: April 1, 2014

FINDING 2015-002

Contact Person Responsible for Corrective Action: Pam Taylor
Contact Phone Number: 812-537-7202

These special education grants have been included in all subsequent SEFA reports. Some information is provided by ROD; we have to rely on the accuracy of that information.

Completion Date: August 28, 2014 when 2013/2014 SEFA was submitted. Superintendent will review SEFA reports before submittal beginning with 2016/2017 report.

FINDING 2015-003

Contact Person Responsible for Corrective Action: Pam Taylor
Contact Phone Number: 812-537-7202

Payroll is approved by School Board. Food service balance is reviewed monthly at the School Board meeting on the fund report. Free and reduced applications are randomly reviewed once each year to provide oversight of the eligibility determination process. Three internal and one external persons verify daily cash receipts and deposits into the bank. Program income is posted as the funds are deposited to the school corporation's food service account and adjusted at quarter end for unearned income. All reports submitted will be reviewed by at least one other person; this will have to happen after submittal since these are completed online.

Completion Date: These findings have been corrected at different times; a single date is not applicable.

FINDING 2015-004

Contact Person Responsible for Corrective Action: Pam Taylor

Contact Phone Number: 812-537-7202

Employees in food service complete timesheets for every pay period, which should certainly qualify as time and effort logs. These documents are signed by the cafeteria manager and the building principal. If additional paperwork is required, we will also complete a semi-annual certification form for all food service employees paid from the grant.

Completion Date: October 31, 2017

FINDING 2015-005

Contact Person Responsible for Corrective Action: Pam Taylor

Contact Phone Number: 812-537-7202

We will check SAMS for the vendors we are using to ensure they are not suspended or debarred.

Completion Date: October 31, 2017

FINDING 2015-006

Contact Person Responsible for Corrective Action: Pam Taylor

Contact Phone Number: 812-537-7202

We have established separation of duties and approval processes for everyday operations and for monthly reimbursement requests. We will ensure every report or document submitted is reviewed by at least two people and that the review is documented. We will document any conversations with the non-public school.

Completion Date: Repeat portion, March, 2014. New findings – October 31, 2017

FINDING 2015-007

Contact Person Responsible for Corrective Action: Pam Taylor

Contact Phone Number: 812-537-7202

We will document conversations with the non-public schools.

Completion Date: October 31, 2017

FINDING 2015-008

Contact Person Responsible for Corrective Action: Pam Taylor

Contact Phone Number: 812-537-7202

Our Title I desktop monitoring process identified the requirement to complete the semi-annual certifications for Title I employees; we are doing that now.

Completion Date: August, 2017

FINDING 2015-009

Contact Person Responsible for Corrective Action: Pam Taylor

Contact Phone Number: 812-537-7202

Superintendents review and sign a form at the monthly ROD board meetings that details each fund along with fund balance, date of availability, cash balance and other reporting information. Copies of all grant applications, revisions, reimbursement requests and final reports are received and filed locally.

Completed: August 2016

LAWRENCEBURG COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on September 19, 2017, with Pam Taylor, Treasurer; Karl Galey, Superintendent of Schools; and Bryan Johnson, President of the School Board.