

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

SOUTH GIBSON SCHOOL CORPORATION

GIBSON COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
03/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Elaine Tenbarge	07-01-15 to 06-30-18
Superintendent of Schools	Dr. Stacey Humbaugh	07-01-15 to 06-30-18
President of the School Board	Michael Bengert Donald Steinmetz Tim Nurrenbern Dr. Conway Cox	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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TO: THE OFFICIALS OF THE SOUTH GIBSON SCHOOL CORPORATION, GIBSON COUNTY, INDIANA

This report is supplemental to our audit report of the South Gibson School Corporation (School Corporation), for the period from July 1, 2015 to June 30, 2017. 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 Finding, identified in the above referenced audit report, is included in this report.

Any Corrective Action Plan for the Federal Finding, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

March 7, 2018

SOUTH GIBSON SCHOOL CORPORATION
FEDERAL FINDING

FINDING 2017-001

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): 15-2765, 16-2765, 17-2765
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.

There were no controls in place to ensure that the eligibility determinations made for fiscal years 2016 and 2017 were accurate. The teachers administered academic tests in order to determine which children qualified to receive Title I services and compiled a list based on the results of those tests; however, there was no evidence of any review or approval process to ensure the accuracy of those determinations.

Context

The lack of controls was a systemic problem, occurring throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

SOUTH GIBSON SCHOOL CORPORATION
FEDERAL FINDING
(Continued)

Cause

Management 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 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 related to the grant agreement and 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.

South Gibson School Corporation

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MR. TIMOTHY ARMSTRONG M.B.A.
Assistant Superintendent of Schools
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CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: DR. STACEY HUMBAUGH
Contact Phone Number: 812-753-4230

Views of Responsible Official: We do not concur with the finding.
Title I principals do know the students being serviced in Title I. We have not initialed the documents in previous years.

Description of Corrective Action Plan:

South Gibson School Corporation will have the principals sign off on eligibility sheets and keep a hard copy of the eligibility sheets. Mark Wahl and Tasha Jourdan will also attend the Title I Director Training provided by the IDOE on May 29-30, 2018.

Anticipated Completion Date: August 2018



Dr. Stacey Humbaugh
Superintendent of Schools
March 2, 2018

SOUTH GIBSON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2018, with Elaine Tenbarger, Treasurer; Dr. Stacey Humbaugh, Superintendent of Schools; Timothy M. Armstrong, Assistant Superintendent of Schools; Janet McBee, School Board member; and Sandy Edwards, Assistant Treasurer.