

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
VERMILLION COUNTY, INDIANA
July 1, 2014 to June 30, 2016



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Business Manager	Cindy Guinn	07-01-14 to 06-30-19
Superintendent of Schools	David Chapman	07-01-14 to 06-30-19
President of the School Board	Ray Gilfoy John P. Roehm	01-01-14 to 12-31-14 01-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the South Vermillion Community School Corporation (School Corporation), for the period from July 1, 2014 to June 30, 2016. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments 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 and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

July 24, 2018

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. There was a lack of segregation of duties as the School Corporation had not separated incompatible activities related to receipts. The School Corporation had not established controls to ensure payroll disbursements were properly recorded and classified in the ledgers and financial statements. The School Corporation had not properly implemented an effective system of internal controls to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Receipts

The Business Manager issued receipts, recorded receipts, and took the deposits to the bank. There was no segregation of duties, such as an oversight, review, or approval process.

Payroll Related Disbursements

The School Corporation had not established documented controls to ensure that employees were paid the correct amount or paid from the proper fund.

Schedule of Expenditures of Federal Awards

The School Corporation did not have an adequate control system in place to ensure the accuracy of the SEFA prior to submission. Federal grant information was prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA, without an oversight or review process.

The SEFA was overstated by \$99,863 in fiscal year 2015 and \$94,790 in fiscal year 2016, resulting in a total overstatement of \$194,653. Audit adjustments were proposed, approved by the School Corporation, and made to the SEFA.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period. Due to the lack of internal controls, the SEFA included expenditures of grant funds which should have been excluded.

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.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transaction. . . ."

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."

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cause

The School Corporation had not established a proper system of internal control that segregated key functions.

Effect

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Condition*.

Recommendation

We recommended that the School Corporation establish a system of internal controls to ensure that financial transactions will be properly recorded and reported and federal expenditures will be properly reported in 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 2016-002

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP), Special
Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit regarding Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP). The prior audit finding number was 2014-002.

Condition

Cash Management (School Breakfast Program, National School Lunch Program only)

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 Cash Management compliance requirement.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures. There was no oversight or review of the calculations and monitoring of the School Lunch fund monthly cash balances (net cash resources).

Verification of Free and Reduced Price Applications (NSLP) and Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

The Food Service Director completed the verifications of free and reduced price applications and performed the calculations for paid lunch equity without a documented oversight, review, or approval process to ensure its accuracy.

Context

The lack of controls was a systemic issue 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 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). . . ."

Cause

The School Corporation had not developed a system of internal controls that segregated key functions to ensure compliance with the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

SOUTH VERMILLION 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 requirements. A lack of segregation of duties within an internal control system could have 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 related to the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity 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 2016-003

Subject: School Breakfast Program and National School Lunch Program - Eligibility
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): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not established adequate internal controls to ensure that the eligibility determination for free and reduced priced meal applications was correct. The School Corporation had not established adequate internal controls to ensure that eligibility parameters were properly entered in the computer software that was used to determine eligibility; there was no documented oversight, review, or approval of the information entered.

The School Corporation had not established effective controls to ensure that criteria for determining the eligibility of children for free and reduced price meals was publicly announced as required. Policy statements used for public announcement of eligibility criteria and other eligibility information were not presented for audit.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

The lack of controls and lack of documentation regarding compliance were systemic issues 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 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). . . ."

7 CFR 245.5(a) states in part:

"After the State agency, or FNSRO where applicable, notifies the local educational agency (as defined in § 245.2) that its criteria for determining the eligibility of children for free and reduced price meals and for free milk have been approved, the local educational agency (as defined in § 245.2) shall publicly announce such criteria: *Provided however*, that no such public announcement shall be required for boarding schools, residential child care institutions (see § 210.2 of this chapter, definition of *Schools*), or a school which includes food service fees in its tuition, where all attending children are provided the same meals or milk. Such announcements shall be made at the beginning of each school year or, if notice of approval is given thereafter, within 10 days after the notice is received. . . ."

Cause

Management of the School Corporation had not developed a system of internal controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Effect

The failure to establish controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and to comply with 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.

FINDING 2016-004

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective system of internal controls related to the grant agreement and the Procurement and Suspension and Debarment compliance requirements.

The School Corporation had not established controls to ensure compliance with its procurement policy, which was in compliance with 2 CFR 200.320, and the suspension and debarment requirements.

Procurement

The School Corporation did not obtain an adequate number of price or rate quotes for small purchases exceeding \$3,500 in accordance with its procurement policy.

Suspension and Debarment

The School Corporation did not perform procedures addressed in its procurement policy to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. The School Corporation did not obtain three price or rate quotes for any of the three vendors tested for which the requirement applied. The School Corporation performed procedures to verify that one of the three contractors had not been suspended or debarred.

Criteria

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

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

"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 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). . . ."

7 CFR 3016.36(b) states in part: "*Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity;
or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity;
or
- (4) After solicitation of a number of sources, competition is determined inadequate."

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:

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements 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 and comply with the Procurement and Suspension and Debarment 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 2016-005

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Modified Opinion

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate controls to ensure program income was correctly recorded. There was no comparison or review of total daily, weekly, or monthly program income from meals served reports to ensure only income for meals served was recorded as program income.

The School Corporation did not comply with program income requirements. Prepaid meal collections were commingled with collections from sales of meals, ala-carte, and catering and recorded as program income. Based upon reports of meals served and collections from ala-carte and catering, program income transfers for the four months tested exceeded recorded program income by \$21,015. When projected to the population, transfers exceeded program income based upon sales of meals by \$81,766.

Context

The lack of controls and the noncompliance were systemic issues 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 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). . . ."

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

- (12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

7 CFR 225.6(e) states in part:

"*State-Sponsor Agreement.* A sponsor approved for participation in the Program must enter into a permanent written agreement with the State agency. All sponsors must agree in writing to: . . .

- (12) Maintain a financial management system as prescribed by the State agency; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Administrator and Uniform Compliance Guidelines, September 2008)

7 CFR 3016.20(b)(2) states:

"*Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Program Income 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 2016-006

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

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 Reporting compliance requirement. The Annual Financial Reports, monthly Sponsor Claims (claims for reimbursement), and School Food Authority (SFA) Verification Collection Reports were prepared and submitted by one individual, without a documented oversight, review, or approval process.

The Annual Financial Reports submitted did not agree with the School Corporation's underlying financial records. For fiscal year 2015, income was understated by \$84,594 and expenses were overstated by \$6,168. Income and expenses for fiscal year 2016 were overstated by \$10,453 and \$3,485, respectively.

Context

The lack of controls was a systemic issue that affected all reports submitted during the audit period. Both of the Annual Financial Reports submitted during the audit period did not agree with the underlying financial records.

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 VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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). . . ."

7 CFR 3016.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

2 CFR 200.302(b)(2) states in part: "Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Reporting 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 2017-007

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): 14-8020, 15-8020, FY-2015,
FY 14-15, FY 15-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Allowable Costs/Cost Principles; Matching, Level
of Effort, Earmarking; Special Tests and
Provisions - Schoolwide Programs

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 compliance requirements listed above.

Allowable Costs/Cost Principles

A proper system of oversight or review was not established to ensure that the payroll and related benefits recorded in the grant funds were only for allowable costs per the grant agreement. Time records for employees paid from Title I funds were not reviewed by a knowledgeable party to ensure appropriate records of hours worked were maintained and agreed to amounts paid. Claims for fringe benefits were not reviewed by a knowledgeable party to ensure only the fringe benefits of Title I staff were charged to grant funds.

Earmarking

The School Corporation had not established controls to ensure that both grant imposed and School Corporation earmarks were properly budgeted and monitored.

Special Tests and Provisions - Schoolwide Programs

The Title I Director prepared the School Improvement Plans without a documented review or approval of the plans prior to submission to the Indiana Department of Education.

Context

The lack of controls was a systemic issue throughout the audit period.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 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). . . ."

Cause

The School Corporation's management had not developed a system of internal controls to ensure compliance with the grant agreement and 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 listed above. 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 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.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2016-008

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate
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): 14-8020, 15-8020, FY-2015, FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not established internal controls to ensure that proper written documentation was retained which supported the student's removal from the high school cohort graduation rate for mobility reasons.

Proper documentation for a transfer would have consisted of either a signed transcript request on the receiving school's letterhead, or a signed acknowledgement of enrollment on the receiving school's letter head. Such documentation was not retained to support the mobility status for two transfer students selected for testing.

Context

The lack of controls and noncompliance were systemic issues 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 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 VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

34 CFR 200.19(b) states in part:

"High schools—

- (1) *Graduation rate.* Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

- (2) *Transitional graduation rate.*

(i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number or years; or . . .

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

(A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;

(B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and

(C) A dropout may not be counted as a transfer. . . ."

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cause

The School Corporation's management had not developed or implemented a system of internal controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and 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 that the School's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate 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 2016-009

Subject: Special Education Cluster (IDEA) - 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): FY 14-15, FY 15-16
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Significant Deficiency

Condition

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

Effective internal controls were not established for review of two of the three Data Collection Reports - Termination Report and Disciplinary (Expulsion and Suspension) Report.

The Special Education Cooperative prepared the Termination Report and provided the report to the School Corporation for review; however, documentation of a review of the Termination Report, which would have included comparison of the information used to prepare the Termination Report was not provided. The Disciplinary (Expulsion and Suspension) Report was prepared by the School Corporation and submitted without a documented review of the report prior to submission.

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

The lack of an effective internal control system related to the Reporting compliance requirement was isolated to the two Data Collection Reports.

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 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). . . ."

Cause

The School Corporation had not established a proper internal control structure that would have ensured that documentation was maintained and available for audit to support a review of the Data Collection Reports related to the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the Reporting compliance requirement.

Views of Responsible Officials

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



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2016-001

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426

Views of Responsible Official:

We concur with the finding(s)


Description of Corrective Action Plan:

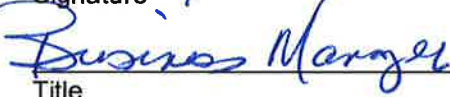
Receipts – Cindy Guinn (Treasurer/Business Manager) will have Stephanie Farrington (Payroll/Personnel) confirm deposits and sign off on the bank deposit slip and the receipt posting report through the software system.


Payroll Related Disbursements – Stephanie Farrington (Payroll/Personnel) will run payroll reports for each payroll that confirm that employees are paid from the proper funds. This report will be reviewed by the Treasurer/Business Manager to ensure accuracy.

Schedule of Expenditures – The SEFA report will be reviewed by Dave Chapman (Superintendent) to ensure accuracy prior to submission to the Indiana Gateway System.

Anticipated Completion Date: July 1, 2018



Signature


Title


Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-002

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Repeat Finding (2014-002) – Once the free and reduced applications are certified by the Food Service director, Kim Bryant (High School Treasurer) is completing the Annual Meal Verification (October each year). This was corrected 10/1/16.

Cash Management - The Food Service Director will have documented controls in place to calculate a three-month average of expenditures for comparison to monthly cash balance and verify that the calculation and comparison was performed.

Special Tests and Provisions – The school treasurers will verify free/reduced price applications and perform the calculations. The Food Service Director will then review/approve to ensure accuracy.

Anticipated Completion Date: July 1, 2018

Debbie L Ballock
Signature

FSD
Title

7/24/18
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-003

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Material Weakness – Once the Food Service Director enters the eligibility parameters into Harmony, Stephanie Farrington (Payroll/Personnel) will verify that they were properly entered. Each school treasurer will verify the individual meal applications - prior to submitting to the Food Service Director for approval. Individual determinations will be well documented.

The public announcement for determining the eligibility of children for free and reduced meal prices will be available at centralized registration, each school office and will be available on the corporation's website.

Anticipated Completion Date: July 1, 2018

Debbie L Ballock
Signature

FSD
Title

7/24/18
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-004

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Procurement – The Food Service Director will obtain additional pricing or quotes for small purchases exceeding \$3,500.

Suspension and Debarment – The Food Service Director will verify that vendors are not suspended or debarred from participation in federal programs prior to entering into a contract.

Anticipated Completion Date: July 1, 2018

Debbie Ballock

Signature

FSD

Title

7/24/18

Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387
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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-005

Contact Person Responsible for Corrective Action: Cindy Guinn

Contact Phone Number: 765-832-2426


Views of Responsible Official:

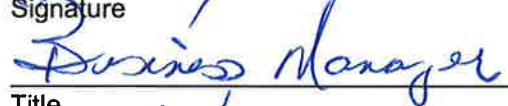
We concur with the finding(s)


Description of Corrective Action Plan:

Material Weakness – The Business Manager will request monthly program income reports from each school to ensure that only amounts for meals served are transferred as program income. This will be attached to each check the school submits to central office.

Anticipated Completion Date: July 1, 2018



Signature


Title


Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget
Jennifer French, Director of Curriculum, Instruction and Assessment
Jennifer Fossi, Director of Instructional Technology
Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-006

Contact Person Responsible for Corrective Action: Debbie Ballock

Contact Phone Number: 765-832-7727

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Material Weakness – The Annual Financial Reports, Monthly Sponsor Claims for Reimbursement and School Food Authority (SFA) Verification Collection Reports will be prepared by the Food Service Director and submitted to central office for review prior to submission.

Anticipated Completion Date: July 1, 2018

Debbie L. Ballock

Signature

FSA

Title

7/24/18

Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-007

Contact Person Responsible for Corrective Action: Jennifer French

Contact Phone Number: 765-832-2426

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Allowable Costs – The Title I Director will ensure that payroll and related benefits are allowable costs per the grant agreement (time records). Claims for fringe benefits will also be reviewed by the Title I Director to ensure only the fringe benefits of Title I staff are charged to grant funds.

Special Tests and Provisions – The Title I Director will prepare the School Improvement Plans and they will be approved by the Superintendent prior to submission to the Indiana Department of Education (IDOE).

Anticipated Completion Date: July 1, 2018

J French
Signature

DIRECTOR OF C&I
Title

7/18/18
Date



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-008

Contact Person Responsible for Corrective Action: Mark Schimmel, SVHS Principal

Contact Phone Number: 765-832-5307

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

Material Weakness –

see attached

Anticipated Completion Date: July 1, 2018

Signature

Title

Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits

South Vermillion High School

Superintendent: Mr. David Chapman
Principal: Mr. Mark Schimmel
Assistant Principal: Mr. Rodney Idlewine
Athletic Director: Mr. Tim Terry

770 West Wildcat Drive
Clinton, IN 47842
Phone: 765-832-3551
Fax: 765-832-5310

Twitter @SVHSWildcats

HS Grad Compliance

July 2018

South Vermillion High School and the Guidance Department do it's best to keep accurate accounts of students who withdraw from school. When a student withdraws from our building, we wait to receive a records request form from the enrolling school. Once that request is received, we provide them with the information needed and communicate with them via phone/email to verify that the student enrolled. We also verify by checking the RT records on the STN Application Center.

If the student doesn't enroll with the school, then South Vermillion High School makes efforts to obtain his/her current whereabouts. This can be done by phone calls, certified letters to the last known address, or home visits by administration. If it is determined that the student withdrew from our building but didn't enroll anywhere else, then we will mark that student as a dropout with the appropriate withdraw code in our student management system.



Mr. Mark Schimmel
Principal, South Vermillion High School



SOUTH VERMILLION COMMUNITY SCHOOLS

OFFICE OF THE SUPERINTENDENT

P.O. Box 387

Clinton, IN 47842

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2016-009

Contact Person Responsible for Corrective Action: Jennifer Fossi, Dir. Of Technology

Contact Phone Number: 765-832-2426

Views of Responsible Official:

We concur with the finding(s)

Description of Corrective Action Plan:

*Data Collection Reports - Maintain records of uploaded data files, signed upload results by responsible staff member.
- maintain digital files of reports in one central drive on server.*

Anticipated Completion Date: July 1, 2018

Jennifer Fossi
Signature
Technology Director
Title
07-17-18
Date

David Chapman, Superintendent

Cindy Guinn, Business Manager - Finance - Budget

Jennifer French, Director of Curriculum, Instruction and Assessment

Jennifer Fossi, Director of Instructional Technology

Stephanie Farrington, Personnel - Payroll - Benefits

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

SEPARATE BANK ACCOUNTS AND ACCOUNTING RECORDS

The School Corporation served as the fiscal agent for the Parke-Vermillion Education and Training Interlocal and for the Wabash River Career and Technical Education Cooperative (Cooperatives). Each Cooperative received Career and Technical Education - Basic Grants to States federal financial assistance. The Cooperatives' financial activities were recorded in the School Corporation accounting records and reported in the financial statements. Separate bank accounts were not established for the Cooperatives.

The Cooperatives' federal expenditures were presented by the School Corporation on the Schedule of Federal Expenditures (SEFA). The SEFA was overstated by \$165,641. Audit adjustments were proposed and accepted to remove the federal expenditures of the Cooperatives from the SEFA.

When two or more units are authorized by statute to have the same fiscal officer, there must be separate bank accounts and accounting records for each unit unless authorized by law. (Accounting and Uniform Compliance Guidelines Manual for School Corporations, Chapter 1)

PREPAID SCHOOL MEAL ACCOUNTS

The School Corporation did not utilize a clearing account (fund 8400) for prepaid student meal accounts. Prepaid student meal account balances, receipts, and disbursements were comingled with the activity of School Lunch Fund (fund 800).

Our opinion is that money a student puts into their individual meal account should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account number 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, September 2015)

SOUTH VERMILLION COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2018, with Cindy Guinn, Business Manager; Stephanie Farrington, Administrative Assistant; David Chapman, Superintendent of Schools; and Jerry Hawkins, School Board member.