

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BROWN COUNTY SCHOOLS

BROWN COUNTY, INDIANA

July 1, 2014 to June 30, 2016



FILED
09/21/2018

TABLE OF CONTENTS

| <u>Description</u> | <u>Page</u> |
|---|-------------|
| Schedule of Officials | 2 |
| Transmittal Letter | 3 |
| Federal Findings: | |
| Finding 2016-001 | |
| Preparation of the Schedule of Expenditures of Federal Awards | 4-6 |
| Finding 2016-002 | |
| Financial Transactions and Reporting | 6-8 |
| Finding 2016-003 | |
| Child Nutrition Cluster - Program Income | 8-10 |
| Finding 2016-004 | |
| Child Nutrition Cluster - Allowable Costs/Cost Principles | 10-12 |
| Finding 2016-005 | |
| Child Nutrition Cluster - Reporting | 12-14 |
| Finding 2016-006 | |
| National School Lunch Program - Special Tests and | |
| Provisions - Paid Lunch Equity | 15-16 |
| Finding 2016-007 | |
| School Breakfast Program, National School Lunch | |
| Program - Suspension and Debarment | 16-18 |
| Finding 2016-008 | |
| School Breakfast Program, National School Lunch Program - Eligibility | 18-19 |
| Finding 2016-009 | |
| Special Education Cluster (IDEA) - Level of Effort | 20-22 |
| Corrective Action Plan | 23-31 |
| Audit Results and Comments: | |
| Collective Bargaining Agreement | 32 |
| Average Daily Membership (ADM) - Lack of Records | 32-33 |
| Appropriations | 33 |
| Fund Sources and Uses | 34 |
| Fund Transfers without Board Approval | 34-35 |
| Leave and Overtime Policy | 35 |
| Exit Conference | 36 |

SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Carol S. Owens Julia Smith | 07-01-14 to 07-31-17 08-01-17 to 06-30-19 |
| Superintendent of Schools | David Shaffer Dr. Laura Hammack | 07-01-14 to 06-30-16 07-01-16 to 06-30-19 |
| President of the School Board | Carolyn V. Bowden Judy Hardwick Stephanie Kritzer Steve Miller, Jr. | 07-01-14 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 BROWN COUNTY SCHOOLS, BROWN COUNTY, INDIANA

This report is supplemental to our audit report of the Brown County Schools (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

August 22, 2018

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS

FINDING 2016-001

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

Repeat Finding

This is a repeat of Finding 2014-001 from the immediately prior audit report.

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 SEFA was prepared by one employee with no evidence of a review or oversight process to ensure the information was correct and agreed to the supporting documentation.

The SEFA presented for audit contained errors which included the reporting of the state share of Adult Education - Basic Grants to States, a state grant for Secured Schools, and the omission of the National School Lunch Program commodities noncash assistance for the audit period. The net result was an overstatement of the SEFA for school years 2014-2015 and 2015-2016.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Context

The lack of adequate internal controls was a systemic issue, which occurred throughout the audit period.

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. . . ."

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

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."

Cause

Management of the School Corporation had not established a proper system of internal controls that would have ensured proper reporting of the SEFA.

Effect

The failure to establish controls enabled material misstatements of the SEFA.

Recommendation

We recommended that the School Corporation establish controls to prevent, or detect and correct, errors on the SEFA.

BROWN COUNTY SCHOOLS
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 2016-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Other Matters

Condition

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to the bank reconcilements, Self-Insurance fund, General Obligation Bond of 2014, Payroll Withholding fund, and journal entries.

Bank Reconcilements

Bank reconcilements were prepared by an outside consultant during the audit period. There were errors within the outstanding check lists and other outstanding items on both the June 2015 and 2016 bank reconcilements.

Self-Insurance Fund

Management of the School Corporation had not established an adequate internal control system related to financial transactions and reporting of the Self-Insurance fund. The School Corporation did not include the financial transactions for the fund within its financial statement for the 2014-2015 school year.

The School Corporation utilized a third-party administrator to administer its health benefits. The third-party administrator provided monthly bank statements and reconcilements to the School Corporation for the Self-Insurance fund. Management did not obtain detailed disbursement or receipt records in order to verify the existence, completeness, or accuracy of the information reported on the bank statements and bank reconcilements. During the audit, the School Corporation obtained this supporting documentation for audit purposes. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

General Obligation Bond of 2014

The School Corporation issued a \$2,350,000 General Obligation Bond in 2014. The bond proceeds were not accounted for in the School Corporation's records or financial statement. A construction fund was not set up to record the bond proceeds and post the disbursements for the construction projects. Instead, the bond proceeds were given to the Building Corporation Trustee to be processed in a similar manner as the Building Corporation bank accounts and construction payments were processed. Audit adjustments for inclusion of the bond proceeds were proposed, accepted by the School Corporation, and made to the financial statement.

The Assistant Superintendent of Schools remitted the Building Corporation Affidavits for Payment and supporting documentation to the Building Corporation Trustee, who processed and made the payments from the bond issue proceeds. The disbursements were not approved by the Treasurer nor by the School Board.

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Payroll Withholding Fund

The School Corporation's financial ledger reported payroll withholdings as a liability account rather than a fund where the withholding is recorded as a receipt, and the subsequent payment is recorded as a disbursement. As a result, the School Corporation's financial ledger reported payroll withholdings accrual balances of \$164,182 and \$185,628, respectively, as of June 30, 2015 and 2016. The School Corporation did not have support for what these totals consisted of.

Journal Entries

The School Corporation had not separated incompatible activities related to processing and approval of journal entries. These entries were calculated and posted to the records by one or more of the School Corporation employees, without the review or oversight of a second School Corporation employee or approval by the School Board. In addition, supporting documentation was not retained for the journal entries.

Context

The lack of adequate internal controls and the noncompliance were systemic issues, which occurred throughout the audit period.

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. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines for Indiana Public School Corporations, Chapter 1)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

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

Recommendation

We recommended that the School Corporation establish controls related to financial transactions and reporting to ensure that bank reconciliations are performed accurately and that financial transactions are accurately reported in the financial statement.

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: 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 2015, FY 2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the program income requirements.

The School Corporation established a single fund, the School Lunch fund, to record all activity of the food service programs. All receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund. Prepayments were not recorded in a separate fund.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

BROWN COUNTY SCHOOLS
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). . . ."

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."

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; . . ."

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

When a student puts money into their individual meal account, it 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 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 Administrator and Uniform Compliance Guidelines, September 2015)

Cause

Management 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 Program Income compliance requirement could have resulted in a 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 grant agreement and 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 2016-004

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
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 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2014-006 from the immediately prior audit report.

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Condition

The School Corporation had not established an effective internal control system related to the grant agreements and the allowable costs requirements. Semi-Annual Certifications, Personnel Activity Reports, or other documentation of personnel expenses for employees was not maintained for all employees paid from grant funds.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

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). . . ."

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

". . . (3) 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.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the allowable costs requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the allowable costs requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the allowable costs 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 - 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 2015, FY 2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Repeat Finding

This is a repeat of Finding 2014-007 from the immediately prior audit report.

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 requirements. The requests for reimbursement, Annual Financial Reports (AFRs), and Verification Summary Report (VSR) were prepared by one individual without an oversight, review, or approval process.

The AFRs were prepared by the Food Service Director. These reports were not verified for accuracy by anyone prior to submission. The AFRs did not agree with the School Corporation's financial ledger.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

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). . . ."

34 CFR 80.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: . . .

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

(b) 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(a) states in part:

"Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the reporting requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the reporting requirements.

Views of Responsible Officials

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

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2016-006

Subject: National School Lunch Program - Special Tests and Provisions - Paid Lunch Equity
Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Paid Lunch Equity
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the paid lunch equity requirements.

The School Corporation did not retain the paid lunch equity calculation to support the increase of paid lunch prices for the fiscal year 2015-2016.

Context

The lack of controls and supporting documentation prevented the ability to determine the School Corporation's compliance with the paid lunch equity requirements for the 2015-2016 fiscal year.

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). . . ."

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 documentation."

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to retain adequate supporting documentation prevented the ability to determine the School Corporation's compliance with the paid lunch equity requirements. The lack of an effective internal control system could have enabled noncompliance with the grant agreement and the compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure that documentation is maintained to support compliance with the grant agreement and the paid lunch equity requirements.

Views of Responsible Officials

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

FINDING 2016-007

Subject: School Breakfast Program, National School Lunch Program - 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): FY 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2014-008 from the immediately prior audit report.

BROWN COUNTY SCHOOLS
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 suspension and debarment requirements.

The School Corporation had not designed or implemented policies and procedures to verify compliance with suspension and debarment requirements related to vendors selected for procured products and covered transactions. The lack of policies and procedures related to the School Corporation's covered transactions with vendors other than those handled through the Southern Indiana Commodity Cooperative's (Cooperative) procurement process. The School Corporation did not verify if the vendors were suspended or debarred.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period, for those covered transactions with vendors other than those that were handled through the Cooperative.

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). . . ."

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

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the suspension and debarment requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the suspension and debarment requirements. Noncompliance with the grant agreement and compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the suspension and debarment requirements.

Views of Responsible Officials

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

FINDING 2016-008

Subject: School Breakfast Program, National School Lunch Program - Eligibility
Federal Agency: Department of Education
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 2015, FY 2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2014-007 from the immediately prior audit report.

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 requirements.

The Food Service Director performed the review and approval/disapproval of the free and reduced lunch applications using the food service software. The Food Service Director would then note on the back of the application the status of the determination and sign it. There was no evidence presented for audit that the Food Service Director's determination was reviewed for accuracy.

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

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

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 eligibility requirements. 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 programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the eligibility requirements.

Views of Responsible Officials

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

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2016-009

Subject: Special Education Cluster (IDEA) - Level of Effort

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 2014; FY 2015; 14216-085-PN01;
99910-92-TA01; FY 2015;
14216-085-PN01;

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat of Finding 2014-005 from the immediately prior audit report.

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 level of effort - maintenance of effort (MOE) requirements.

It could not be determined whether the MOE calculations were performed correctly for either year of the audit period. The School Corporation did not retain supporting documentation and make this available for audit. There was no evidence of an oversight, review, or approval process for either year of the audit period.

Context

The lack of controls and lack of supporting documentation were systemic issues, which prevented the determination of the School Corporation's compliance related to the MOE requirements 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. . . ."

BROWN COUNTY SCHOOLS
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). . . ."

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, as authorized by the Secretary. . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

34 CFR 76.730 states:

"A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit."

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

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

BROWN COUNTY SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system prevented the determination of the School Corporation's compliance with the MOE requirements and could have enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of 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 MOE requirements.

Views of Responsible Officials

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



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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Treasurer will obtain copies for all grant documents and note which ones are federal grants. The Treasurer will prepare the Schedule of Expenditures of Federal Awards (SEFA). In order to improve the corporation's system of internal controls, the SEFA will be reviewed by the Superintendent and/or Director of the federal program to ensure reliability of the information maintained of the SEFA.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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(P) 812.988.6601 • (F) 812.988.5403

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CORRECTIVE ACTION PLAN

FINDING 2016-002

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

1. Bank Reconciliements:
The Treasurer will do Bank Reconciliations each month and have it reviewed, approved, and signed by the Superintendent.
2. Self Insurance Fund:
The self-insurance fund will be corrected as of May 2017 with the new third-party administrator and we will make sure to get and keep all supporting documentation along with the detailed receipt and disbursement information.
3. GO Bonds of 2014:
The GO Bond of 2014 was incorrectly left off BCS financial statement. We did correct the GO Bond of 2018 to reflect proper handling.
4. Payroll Withholding:
The Treasurer will reconcile the Payroll Withholding Fund when reconciling the Bank Statement each month.
5. Journal Entries:
Journal entries are now in with the Bank Reconciliation and are signed off by the Superintendent.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Treasurer will create an 8400 Fund account for Pre-Paid Food items to distinguish between program revenue and student pre-paid monies. The Foodservice Director will review reports on transfers between pre-paid and lunch fund accounts and give the amounts to the Treasurer for final transfer at the end of each month.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Foodservice Director will maintain records of employees that were paid from the School Lunch Program funds by completing the Semi-Annual certifications and getting signatures from Foodservice personnel that 100% of time was spent on the school nutrition program.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-005

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Treasurer will provide the Foodservice Director with completed Cash Flows and ledgers of receipts and expenditures at the end of each month. The Foodservice Director will verify the ledgers for accuracy and will submit the required reports after the assistant verifies the numbers are correct. All records/documentation will be kept electronically or hardcopies in a central location to ensure records are available upon request.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-006

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Foodservice Director will research and receive further training on this process to ensure the correct calculation. All supporting documentation will be retained for all amounts used in the calculation. The Treasurer will review the calculation with the Food Service Director and submit to the DOE as required.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-007

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

Brown County Schools will create a policy to check all vendors on the SAM website who will be paid from federal funds. The Foodservice Director will follow said policy and maintain a record along with the co-op related to the Procurement and Suspension and Debarment compliance requirement. Records will be kept electronically or hardcopies in a central location to ensure the records are available upon request.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-008

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Foodservice Director will pull eligibility determination from the Skyward program. Following Skyward determination, the Foodservice Director and the administrative assistant to the Foodservice Director will review and sign for accuracy accordingly.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

(Title)

(Date)

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CORRECTIVE ACTION PLAN

FINDING 2016-009

Contact Person Responsible for Corrective Action: Julia Smith
Contact Phone Number: 812-988-6601

Views of Responsible Official:
We concur with this finding

Description of Corrective Action Plan:

The Director of Student Learning will determine MOE requirements and concur with the Treasurer for accuracy of numbers. All supporting documents for the MOE calculations will be maintained. The Superintendent will sign off on the document before it is submitted to the DOE for approval.

Anticipated Completion Date: Effective immediately for the 2018-2019 school year.

(Signature)

Treasurer

(Title)

8/22/2018

(Date)

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BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS

COLLECTIVE BARGAINING AGREEMENT

This is a repeat finding from the immediate prior Report B45732, entitled *COLLECTIVE BARGAINING AGREEMENT*.

The collective bargaining agreements, entered into on September 9, 2014, and September 17, 2015, contained the following items prohibited by Indiana Code 20-29-6-4.5(b):

- Article XI entitled "Miscellaneous" discusses the School Board providing legal counsel to teachers in event of assault or assault and battery against teachers in school-related incidences and shall promptly render all necessary assistance to the teacher in connection with handling the incident by law enforcement and/or judicial authorities, other than providing the attorney of record.

Indiana Code 20-29-6-4.5(a) states in part:

"For a contract entered into after June 30, 2011, a school employer may not bargain collectively with the exclusive representative on the following: . . .

- (5) Any subject not expressly listed in section 4 of this chapter. . . ."

Indiana Code 20-29-6-4 states:

"(a) A school employer shall bargain collectively with the exclusive representative on the following:

- (1) Salary.
- (2) Wages.
- (3) Salary and wage related fringe benefits, including accident, sickness, health, dental, vision, life, disability, retirement benefits, and paid time off as permitted to be bargained under IC 20-28-9-11.

(b) Salary and wages include the amounts of pay increases available to employees under the salary scale adopted under IC 20-28-9-1.5, but do not include the teacher evaluation procedure and criteria, or any components of the teacher evaluation plan, rubric or tool or any performance stipend or addition to base salary based on a stipend to an individual teacher under IC 20-43-10-3.5."

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

This is a repeat finding from the immediate prior Report B45732, entitled *AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS*.

School Corporation officials did not present sufficient detailed student records to support the Average Daily Membership (ADM) claimed by the School Corporation for February 2016. We were unable to determine if the number of students claimed was accurate.

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

There was a complete student listing for all schools; however, the designated building level personnel for the intermediate and middle schools did not provide written certification that their summary ADM report to report the Average Daily Membership claimed was accurate.

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.), which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROPRIATIONS

This is a repeat finding from the immediate prior Report B45732, entitled *APPROPRIATIONS*.

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

| Fund | Years Ending December 31 | Excess Amount Expended |
|---------------------|--------------------------------|------------------------------|
| Debt Service | 2014 | \$ 2,251 |
| Referendum Tax Levy | 2015 | 9,907 |
| Debt Service | 2015 | 179,641 |
| Rainy Day | 2015 | 457,407 |

The School Corporation did not have adequate internal controls to ensure that the Indiana Department of Local Government Finance approved budget appropriations were posted correctly to their appropriation financial ledger. School Corporation officials were unable to provide documentation as to the amounts posted as budget appropriations.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

FUND SOURCES AND USES

The School Corporation made a transfer from the Retirement/Severance Bond fund on April 23, 2015, to the Self-Insurance fund for \$150,000.

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for School Corporations, Chapter 1)

FUND TRANSFERS WITHOUT BOARD APPROVAL

There were several transfers between funds that were made by journal entry with no evidence of supporting documentation, or of School Board approval. A transfer from the General fund to the Rainy Day fund for \$1,000,000 and another one from the General fund to the School Technology fund for \$258,978 had notations referencing the former Assistant Superintendent of Schools.

| Transaction Date | Fund Name | Transfer Out Amount | Fund Name | Transfer In Amount |
|------------------|---------------------------|---------------------|-------------------|--------------------|
| 11-20-14 | General | \$ 300,000 | Rainy Day | \$ 300,000 |
| 04-23-15 | Retirement/Severance Bond | 150,000 | Self-Insurance | 150,000 |
| 10-15-15 | General | 1,000,000 | Rainy Day | 1,000,000 |
| 06-30-16 | General | 258,978 | School Technology | 258,978 |

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 36-1-8-4 states in part:

"(a) The fiscal body of a political subdivision may by . . . resolution, permit the transfer of a prescribed amount, for a prescribed period, to a fund in need of money for cash flow purposes from another fund of the political subdivision if all these conditions are met:

BROWN COUNTY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

- (1) It must be necessary to borrow money to enhance the fund that is in need of money for cash flow purposes.
 - (2) There must be sufficient money on deposit to the credit of the other fund that can be temporarily transferred.
 - (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs.
 - (4) The amount transferred must be returned to the other fund at the end of the prescribed period.
 - (5) Only revenues derived from the levying and collection of property taxes or special taxes or from operation of the political subdivision may be included in the amount transferred.
- (b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:
- (1) Passes . . . a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
 - (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

LEAVE AND OVERTIME POLICY

The Assistant Superintendent of Schools authorized the payment of accrued vacation leave time out of the Rainy Day fund to current employees during the audit period; however, there was no approved School Board policy for payment of accrued vacation leave time to current employees.

Each unit must adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing body would be considered as written policy. The policy must conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for School Corporations, Chapter 1)

BROWN COUNTY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on August 22, 2018, with Dr. Laura Hammack, Superintendent of Schools; Steve Miller, Jr., President of the School Board; Julia Smith, Treasurer; Debbie Harman, Director of Student Learning; Jason Kirchofer, Director of Food Service; and Bob Harris, Interim Business Manager.