

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS

WAYNE COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
11/08/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tyna M. Stover	01-01-14 to 12-31-18
Superintendent of Schools	Philip S. Stevenson	07-01-14 to 06-30-20
President of the School Board	Bradley J. Lambright Mark Baldwin Bradley J. Lambright	01-01-14 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 CENTERVILLE-ABINGTON COMMUNITY  
SCHOOLS, WAYNE COUNTY, INDIANA

This report is supplemental to our audit report of the Centerville-Abington Community 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 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/](http://www.in.gov/sboa/).

The Federal Finding, identified in the above-referenced audit report, is included in this report.

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

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

September 27, 2018

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
FEDERAL FINDING

***FINDING 2016-001***

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

*Repeat Finding*

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

*Condition*

The School Corporation had not established effective internal controls over the federal program information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the SEFA without evidence of a review or approval process, or other compensating controls.

*Context*

Due to the lack of internal controls, the SEFA contained the following errors:

1. The School Breakfast Program expenditures were not included, which understated federal expenditures for the 2015 and 2016 fiscal school years by \$56,770 and \$55,413, respectively.
2. The National School Lunch Program expenditures were not included, which understated federal expenditures for the 2015 and 2016 fiscal school years by \$379,171 and \$372,091, respectively.
3. The Special Education Cluster (IDEA) expenditures were understated for the 2015 and 2016 fiscal school years by \$53,031 and \$221,205, respectively.
4. The Title I Part A Cluster expenditures were understated for the 2015 and 2016 fiscal school years by \$50,082 and \$79,642, respectively.
5. The Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) expenditures were erroneously included for the 2015 and 2016 fiscal school years, which overstated expenditures by \$50,083 and \$50,408, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"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.

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
FEDERAL FINDING  
(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 transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
FEDERAL FINDING  
(Continued)

*Cause*

The School Corporation's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure accurate reporting of the SEFA.

*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: Tyna Stover & Philip Stevenson  
Contact Phone Number: 765-855-3475

We concur with the finding. Although, instructions do not exist for the completion of the SEFA in Gateway. It would be helpful have instructions and expectations documented so that the SEFA can be completed accurately each year.

#### Description of Corrective Action Plan:

The Treasurer will contact State Board of Accounts for clarification on the correct completion of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA will be completed by the Treasurer and reviewed by the Superintendent.

Anticipated Completion Date: This will be completed each year.

Signature Phil S. Swanson Title Superintendent Date SEP 18 2018

Signature Tyna M. Stover Title Treasurer Date Sept 18, 2018

CENTERVILLE-ABINGTON COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on September 27, 2018, with Tyna M. Stover, Treasurer; Philip S. Stevenson, Superintendent of Schools; Mark Campbell, Assistant Superintendent of Schools; and Susan Dell Hamilton, School Board member.