

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

EDINBURGH COMMUNITY SCHOOL CORPORATION

JOHNSON COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
12/21/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tamara Lewis	01-01-15 to 12-31-18
Superintendent of Schools	Dr. William A. Glentzer Kevin Rockey (interim) Dr. Doug Arnold	07-01-15 to 12-31-17 01-01-18 to 06-30-18 07-01-18 to 06-30-21
President of the School Board	Cathy Hamm Justin Lollar	01-01-15 to 12-31-16 01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE EDINBURGH COMMUNITY SCHOOL
CORPORATION, JOHNSON COUNTY, INDIANA

This report is supplemental to our audit report of the Edinburgh Community School Corporation (School Corporation), for the period from July 1, 2015 to June 30, 2017. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Findings, identified in the above referenced audit report, are included in this report.

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

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

November 7, 2018

EDINBURGH COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2017-001

Subject: Child Nutrition Cluster - Procurement

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): 41-4215 FY 2016, 41-4215 FY 2017,
FY16, FY17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

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 Procurement and Suspension and Debarment compliance requirement.

Procurement procedures used by the purchasing agent were not monitored or reviewed to ensure that the School Corporation's procurement policy was being followed in compliance with program requirements.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

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

EDINBURGH COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Child Nutrition Cluster - Program Income

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): 41-4215 FY 2016, 41-4215 FY 2017, FY16, FY17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records. The recording of program income was completed on a monthly basis using summary-level reports that were not subjected to a monitoring process to ensure their accuracy.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

EDINBURGH COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

(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 designed or implemented an effective internal control system that would have ensured compliance with the Program Income compliance requirement.

Effect

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



EDINBURGH COMMUNITY SCHOOL CORPORATION

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Edinburgh, IN 46124

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Fax: 812-526-0271

Mrs. Cathy Hamm
Mr. Guy Hardin
Mr. Justin Lollar
Mr. Curtis Rooks
Mrs. Kim Weddle

Dr. Doug Arnold
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Tamara Lewis, Business Manager/Treasurer
Contact Phone Number: 812-526-2681

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to establish control procedures to ensure compliance with the Procurement, Suspension and Debarment requirements.

Anticipated Completion Date: By the end of the 2018-19 school year.

Tamara Lewis
(Signature)

Business Manager
(Title)

October 29, 2018
(Date)



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Mrs. Cathy Hamm
Mr. Guy Hardin
Mr. Justin Lollar
Mr. Curtis Rooks
Mrs. Kim Weddle

Dr. Doug Arnold
Superintendent

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Tamara Lewis, Business Manager/Treasurer
Contact Phone Number: 812-526-2681

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

The School Corporation is a small governmental unit and shall use existing employees to establish control procedures to ensure compliance with Program Income requirements.

Anticipated Completion Date: By the end of the 2018-19 school year.

Tamara Lewis
(Signature)

Business Manager
(Title)

October 29, 2018
(Date)

EDINBURGH COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2018, with Tamara Lewis, Treasurer; Dr. Doug Arnold, Superintendent of Schools; and Justin Lollar, President of the School Board.