

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
DECATUR COUNTY COMMUNITY SCHOOLS
DECATUR COUNTY, INDIANA
July 1, 2014 to June 30, 2016



FILED
12/28/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Louise S. Smith	01-01-14 to 06-30-19
Superintendent of Schools	Johnny D. Budd Dr. S. Jarrod Burns	07-01-14 to 06-30-17 07-01-17 to 06-30-21
President of the School Board	Matthew J. Hoeing Todd Mauer	01-01-14 to 12-31-15 01-01-16 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE DECATUR COUNTY COMMUNITY
SCHOOLS, DECATUR COUNTY, INDIANA

This report is supplemental to our audit report of the Decatur County 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/.

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 13, 2018

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS

FINDING 2016-001

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

Condition

Management of the School Corporation had not established an internal control system related to financial transactions and reporting for the activity of their Self-Insurance fund.

The School Corporation utilized a third-party administrator to administer the Decatur County Community School Corporation Employee Benefit (Self-Insurance fund). The administrator provided the School Corporation with a reconciliation worksheet showing the monthly income (receipts) expenditures (disbursements), and ending cash balances. The School Corporation did not include the receipts or the disbursements in the Self-Insurance fund on the financial statement.

There was no evidence of any controls by the School Corporation to verify the information received from the administrator was accurate or to ensure that receipts and disbursements were reflected in the Self-Insurance fund on the financial statement.

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

Context

This was a systemic problem during 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 Manual for Indiana Public School Corporations, Chapter 1)

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Cause

Management of the School Corporation had not established a proper system of internal control to ensure proper reporting of the receipts, disbursements, and cash balance of the Self-Insurance fund.

Effect

The failure to establish a proper system of internal control enabled material misstatements within the Self-Insurance fund to occur or remain undetected.

Views of Responsible Officials

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

FINDING 2016-002

Subject: Title I Grants to Local Educational Agencies -
Special Tests and Provisions - Comparability
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers (or Other Identifying Numbers): 14-1655, 15-1655, 16-1655
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Comparability
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 Special Tests and Provisions - Comparability compliance requirement.

The School Corporation was required to file a Comparability Report every two years with the Indiana Department of Education, which documented the full-time equivalent (FTE) of staff to students by school. An oversight or review process was not established by the School Corporation for the Comparability Report to ensure its accuracy prior to submission.

Context

The issue was a systemic problem throughout the audit.

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. . . ."

DECATUR COUNTY COMMUNITY 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). . . ."

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 Special Tests and Provisions - Comparability compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Comparability 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 2016-003

Subject: Title I Grants to Local Educational Agencies - Special Tests
and Provisions - Assessment System Security

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers (or Other Identifying Numbers): 14-1655, 15-1655, 16-1655

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

DECATUR COUNTY COMMUNITY 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 Special Tests and Provision - Assessment System Security compliance requirement.

The School Corporation's policy required staff to sign the Indiana Testing Security and Integrity Agreement upon receiving training. The security integrity agreements from all the schools were retained for audit except for one. It was inquired and verified that they did use the security integrity agreements at that one particular school. On the agreement that is provided by Indiana Department of Education, it states they only must retained no fewer than three years. It is the belief that the individual school was not aware that it had to be retained for audit and discarded it after three years.

Context

This was isolated to the one school.

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 Special Tests and Provision - Assessment System Security compliance requirement.

Questioned Costs

There were no questioned costs identified.

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provision - Assessment System Security 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: 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 (or Other Identifying Numbers): 14215-003-PN01, 45715-003-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

Management of the School Corporation had not established an effective internal control system related to the Reporting compliance requirement as it related to the Count of Children with Disabilities Receiving Special Education Services report required to be filed with the Indiana Department of Education (IDOE).

Procedures were in place for the reports to be reviewed by the Treasurer and Superintendent of Schools after it was prepared by the Data Manager, but they were not effective.

Context

The December 1, 2014 report for Count of Children with Disabilities Receiving Special Education Services reported a total of 414 students; however, the documentation presented for audit reported 406 students, for a difference of 8 students. It was determined that students who were no longer receiving services were included in the final report submitted to IDOE.

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:

DECATUR COUNTY COMMUNITY SCHOOLS
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). . . ."

34 CFR 80.20 states in part:

"(a) A State must expend 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:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (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.

(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. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) 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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured accurate reporting.

Effect

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

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommend that the School Corporation's management establish controls related to 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 2016-005

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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 (or Other Identifying Numbers): 14213-003-PN01, 14214-003-PN01,
14215-003-PN01, 14216-003-PN01,
99914-003-PN01, 45714-003-PN01,
45715-003-PN01, 45716-003-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment

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 Procurement and Suspension and Debarment compliance requirements.

Procurement

The School Corporation did not have controls in place to verify procurement procedures were followed.

Suspension and Debarment

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs. The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance related to the suspension and debarment requirements was also a systemic issue through the audit period.

DECATUR COUNTY COMMUNITY 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). . . ."

2 CFR 180.300 states in part:

"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

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

Effect

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

Questioned Costs

There were no questioned costs identified.

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls and comply with the grant agreement and 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 2016-006

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 Number and Year (or Other Identifying Number): FY 15-16
Pass-Thru Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment
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 Procurement and Suspension and Debarment compliance requirements.

The School Corporation's procurement policy did not address the methods of procurement required by 2 CFR 200.320. The policy did not include the procedures for each method of procurement (micro purchase, small purchase, or sealed bid) and the thresholds for each.

The School Corporation had two vendors who met the requirements for the small purchase method for which no documentation of quotes were obtained.

Context

This was a systemic problem throughout the 2016 school year.

Criteria

2 CFR section 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

2 CFR 200.318(a) states: "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."

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 micropurchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micropurchases 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.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c) (1) of this section apply. . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured that the required procurement procedures were followed to be in compliance with the Procurement compliance requirement.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance 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 compliance requirement.

Views of Responsible Officials

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

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

FINDING 2016-007

Subject: Child Nutrition Cluster - Equipment and Real Property Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 14-15
Pass-Thru Entity: Indiana Department of Education
Compliance Requirement: Equipment and Real Property Management
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 the Equipment and Real Property Management compliance requirement.

The School Corporation did not have effective controls in place to ensure that assets purchased for the food service programs were properly inventoried and included in the capital assets records of the School Corporation. The School Corporation's policy was to include equipment on their capital asset records that were in excess of \$5,000. We determined there were six pieces of equipment purchased for the food service program in excess of the \$5,000 threshold that did not get included on the School Corporation's capital asset records.

Context

The lack of controls and noncompliance were during the 2014-2015 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. . . ."

7 CFR 3016.32(d) states in part:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

Cause

Management of the School Corporation had not established an effective internal control system that would have ensured that the requirements related to the Equipment and Real Property Management compliance requirement were being met.

DECATUR COUNTY COMMUNITY SCHOOLS
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish internal controls enabled noncompliance to go undetected. The failure to comply 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 Corporation's management establish controls to ensure compliance and comply with the Equipment and Real Property Management 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 2016-008

Subject: Child Nutrition Cluster - Cash Management
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-Thru Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2014-010.

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 Cash Management compliance requirement.

The School Corporation had not established procedures to monitor the School Lunch fund monthly cash balances (net cash resources) to ensure that they were limited to three months average expenditures. There was no documentation of a monitoring process over the School Lunch fund monthly cash balances (net cash resources).

Context

This was a systemic problem during the audit period.

DECATUR COUNTY COMMUNITY 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 section 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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 of the School Corporation had not established an effective internal control system that would have ensured that the requirements related to the Cash Management compliance.

Effect

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

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 Cash Management compliance requirement.

Views of Responsible Officials

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

ADMINISTRATION

DR. S. JARROD BURNS
Superintendent

DEBBIE REYNOLDS
Director of Learning

KATHY LAND
Secretary

LOUISE S. SMITH
Business Manager

KATHY WIGGINS
Deputy Treasurer

AMY HACKER
Bookkeeper

JENI NIESE
Data/Food Service

Decatur County Community Schools

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LIZETTE BELL

JOYCE GEIS

MATTHEW HOENG

TODD MAUER

CHRIS OWENS

TIM ROSCOE

November 13, 2018

Indiana State Board of Accounts
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

CORRECTIVE ACTION PLAN FOR 2016 AUDIT COMMENTS

FINDING 2016-001

Contact Person: Louise S. Smith
Title: Business Manager
Phone #: 812-663-4595
Expected Completion Date: January 31, 2019

Views of Responsible Official: We concur with the finding.

We had the understanding that our self-insurance plan being managed by a Third Party Administrator (TPA) took the funding out of our control and off of our financial statements. We learned through the audit that this is not the case. We will contact the IDOE Division of School Finance to take corrective action to include the financial detail on past reports, as well as all future financial reports. On a monthly basis, we will review the reconciliation prepared by the TPA, as well as the activity report. This review will be documented and retained for auditor review. We will also discuss with the TPA the option of our self-insurance plan being converted to a Trust as of January 1, 2019.

FINDING 2016-002, 2016-003

Contact Person: Louise S. Smith / Debbie Reynolds
Title: Business Manager / Director of Learning and Title I Director
Phone #: 812-663-4595
Expected Completion Date: June 30, 2019

Views of Responsible Official: We concur with the finding.

As the Comparability Report is completed by the Title I Director annually for the Title I program, it will be reviewed by the Business Manager with final approval being documented. Assessment training is completed as required, however, reports were not maintained for review. These reports will be maintained for review by the auditors.

FINDING 2016-004

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: COMPLETE

Views of Responsible Official: We concur with the finding.

Our Data Manager was new at the time of this data submission and she was not aware that submitting a corrected file does not delete students previously reported. She quickly learned that incorrect files must be deleted to ensure proper counts. This error has been corrected.

FINDING 2016-005

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: January 1, 2019

Views of Responsible Official: We concur with the finding.

Our Food Service Director runs vendors through the SAM system to ensure they are not on the Suspension and Debarment list. We will check vendors that are used for all federal programs.

FINDING 2016-006

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: November 14, 2018

Views of Responsible Official: We concur with the finding.

We currently contract with NEOLA for corporate policy updates. It appears this section was missed when it was to be approved in 2016. The required Procurement policy will be approved by the school board at the November 14, 2018 meeting.

Because we did not have the correct procurement policy, we were unaware of the lower dollar amount limit at which time quotes are required. We learned of the correct amount in early 2018 and have implemented the correct procedures since that time.

FINDING 2016-007

Contact Person: Louise S. Smith
Title: Business Manager
Phone #: 812-663-4595
Expected Completion Date: COMPLETE

Views of Responsible Official: We concur with the finding.

We maintain an Asset Ledger for purchases over \$5,000. In 2014 we started paying for equipment purchases for our cafeterias out of the School Nutrition fund, however, these purchases were missed when updating our ledger. We have reviewed purchases since 2014 and have updated the Asset Ledger appropriately.

FINDING 2016-008

Contact Person: Louise S. Smith / Jennifer Niese
Title: Business Manager / Data Manager and Food Service Director
Phone #: 812-663-4595
Expected Completion Date: COMPLETE

Views of Responsible Official: We concur with the finding.

The school lunch fund is made up of balances held by each of the four (4) schools and the central office. The Business Manager and the Food Service Director will monitor the cash balance on a monthly basis to ensure the cash balance does not exceed the average three (3) month operating balance.

If there are any questions, my contact information is listed below.

Sincerely,



Louise S. Smith
Business Manager
812-663-4595, Ext. 5003
wsmith@decaturco.k12.in.us



S. Varrod Burns
Superintendent
812-663-4595, Ext. 5001
jburns@decaturco.k12.in.us

DECATUR COUNTY COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2018, with Dr. S. Jarrod Burns, Superintendent of Schools; Louise S. Smith, Treasurer; Jennifer Niese, Food Service Director; and Todd Mauer, President of the School Board.