

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

SUPPLEMENTAL COMPLIANCE REPORT
OF
PAOLI COMMUNITY SCHOOL CORPORATION
ORANGE COUNTY, INDIANA
July 1, 2015 to June 30, 2017



FILED
01/04/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Julie M. Osborn	07-01-15 to 09-01-17
	(Vacant)	09-02-17 to 09-17-17
	Courtney Brown	09-18-17 to 06-30-19
Superintendent of Schools	Casey Brewster	07-01-15 to 07-10-17
	(Vacant)	07-11-17 to 07-16-17
	Gerald W. Jackson (interim)	07-17-17 to 09-30-18
	Greg Walker	10-01-18 to 09-30-21
President of the School Board	Lila Tucker	07-01-15 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE PAOLI COMMUNITY SCHOOL
CORPORATION, ORANGE COUNTY, INDIANA

This report is supplemental to our audit report of the Paoli 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 15, 2018

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2017-001

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

Repeat Finding

This is a repeat of Finding 2015-001 from the immediately prior audit.

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 School Corporation failed to properly review the federal grant information prepared and submitted in the Indiana Gateway of Government Units financial reporting system, which was the source of the SEFA.

Context

Due to the lack of controls, the following errors occurred and were not detected or corrected:

1. The School Breakfast Program was omitted, which understated program expenditures by \$110,102 and \$110,253 for the fiscal years ended June 30, 2016 and 2017, respectively.
2. The National School Lunch Program expenditures were overstated by \$132,783 and \$132,360 for the fiscal years ended June 30, 2016 and 2017, respectively.
3. The National School Lunch Program - Commodities expenditures were overstated by \$2,968 for the fiscal year ended June 30, 2016, and were omitted for the fiscal year ended June 30, 2017, which understated program expenditures by \$51,223.
4. The Summer Food Service Program for Children was omitted, which understated program expenditures by \$14,289 and \$13,295 for the fiscal years ended June 30, 2016 and 2017, respectively.
5. The Child and Adult Food Care Program was omitted, which understated program expenditures by \$4,672 and \$5,275 for the fiscal years ended June 30, 2016 and 2017, respectively.
6. The Special Education_Grants to States and the Special Education_Preschool Grants expenditures were overstated by \$11,431 and \$728, respectively, for the fiscal year ended June 30, 2016.

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:

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

"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. . . .

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 the 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.

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

- (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."

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls to ensure that federal expenditures will be properly reported on the SEFA.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2015-002 from the immediately prior audit.

Condition

There were 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 reporting of School Corporation receipts and Food Service Program receipts. These deficiencies constituted material weaknesses within the School Corporation's financial reporting system.

The Treasurer issued all receipts for School Corporation collections. Once all receipts were recorded, she ran edit reports listing each receipt and prepared the bank deposit. The Superintendent of Schools' Secretary reviewed the receipts, edit reports, and bank deposits to verify that they were in agreement. However, this could not be verified because no documentation or audit trail was provided to confirm that this control process was functioning properly.

Parents and students made payments on lunch accounts at each school building. The Extracurricular Treasurer at each building collected the money, but no receipts were issued for the amounts collected. At the end of each day, the Treasurer for the Centralized School Lunch ECA would pick up the collections, prepare and make the bank deposit, and record the receipts to the students' prepaid meal accounts. No controls could be identified over the receipts collected by the Extracurricular Treasurers.

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Context

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

Cause

Management of the School Corporation had not established a proper system of internal controls to ensure proper reporting of School Corporation and Food Service Program receipts.

Effect

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

Views of Responsible Officials

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

FINDING 2017-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016, FY 2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions -
Verification of Free and Reduced Price Applications,
Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Condition

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

Eligibility

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accuracy of the eligibility determinations on the free and reduced price applications. The Assistant Principals at the elementary and junior-senior high schools were solely responsible for performing the eligibility determinations at their respective buildings, and none of the applications submitted during the audit period contained evidence of review. There was no evidence of segregation of duties such as an oversight, review, or approval process to ensure that eligibility is accurately determined.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accuracy of the Annual Financial Reports, the Monthly Sponsor Claims (claims for reimbursement), and the School Food Authority (SFA) Verification Collection Reports that were filed. The reports were completed by one individual with no evidence of segregation of duties such as an oversight, review, or approval process to verify the accuracy of the reports prior to submission.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation had not designed or implemented adequate policies and procedures to ensure that verifications of free and reduced price meal applications were properly performed and the results accurately reported. There was no evidence of segregation of duties, such as an oversight, review, or approval process, or other compensating control, over the verifications performed or the preparation of the School Food Authority (SFA) Verification Collection Reports that were filed. The Assistant High School Principal had the sole responsibility for performing the verifications and preparing and submitting the reports. The School Corporation did not have procedures in place to ensure that an individual independent of the process verified the accuracy of the verifications or reports.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not designed or implemented adequate policies and procedures to ensure the accuracy of the paid lunch equity calculations. The Centralized School Lunch ECA Treasurer performed the calculations with no evidence of segregation of duties such as an oversight, review, or approval process to verify the accuracy of the calculations performed.

Context

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the 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 compliance requirements listed above.

Views of Responsible Officials

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2017-004

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles
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): 14215-056-PN01, 14216-054-PN01,
14217-054-PN01, 45715-056-PN01,
45716-054-PN01, 45717-054-PN01

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation was a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the Special Education program on behalf of the School Corporation and managed the Special Education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

No evidence was presented that Semi-Annual Certifications were completed and certified during the audit period for any employees who were paid solely from Special Education Funds. No evidence was presented that personal activity reports were prepared and signed during the audit period for any employees who were paid from multiple cost objectives. In addition, no records of activity were presented for audit for any employees paid either solely or partially from Special Education funds.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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. 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 are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance and comply with the grant agreement and the Allowable Costs/Cost Principles 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 2017-005

Subject: Special Education Cluster (IDEA) - 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 and Years (or Other Identifying Numbers): 14215-056-PN01, 14216-054-PN01,
14217-054-PN01, 45715-056-PN01,
45716-054-PN01, 45717-054-PN01

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 2015-005 from the immediately prior audit.

Condition

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the suspension and debarment requirements.

The Cooperative's Director signed the Application and Assurance Plan as a condition of federal assistance, which stated that the Cooperative would check the subcontractors to ensure that they were not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any federal agency or by any department, agency, or political subdivision of the State of Indiana. However, the School Corporation did not have procedures in place to ensure that the Cooperative verified that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to entering into a covered transaction.

Context

There were three contracts during both the 2015-2016 and 2016-2017 school years that exceeded \$25,000. The Cooperative did not verify that the vendors were not suspended or debarred prior to awarding these contracts.

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards of Internal Control in the Federal Government' issued by the Comptroller General for 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 of the School Corporation had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements.

Effect

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the grant agreement and the suspension and debarment requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that School Corporation's management develop and implement procedures and establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

PAOLI COMMUNITY SCHOOL CORPORATION
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 2017-006

Subject: Special Education Cluster (IDEA) - Reporting
Federal Agency: Department of Education
Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants
CFDA Numbers: 84.027, 84.173
Federal Award Numbers and Years (or Other Identifying Numbers): 14215-056-PN01, 45715-056-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Condition

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education grant funds. There was no oversight of the Cooperative by the School Corporation. Each member school corporation is ultimately responsible for ensuring compliance with the requirements.

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The required Final Reports for Special Educations grants were not completed and submitted to the Indiana Department of Education.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period. Final reports for all Special Education grants completed during the year 2016, due by December 15, were not prepared and submitted to the Indiana Department of Education.

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. . . ."

34 CFR 80.20(b) states in part:

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

- (1) *Financial reporting*. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. . . ."

PAOLI COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Cause

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

Effect

The failure to establish an effective internal control system caused the School Corporation to be in noncompliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management develop and implement procedures and establish controls to ensure compliance and comply with the grant agreement and 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.

PAOLI COMMUNITY SCHOOL CORPORATION
OFFICE OF THE SUPERINTENDENT

GREG WALKER
SUPERINTENDENT OF SCHOOLS

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COURTNEY BROWN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Courtney Brown, Treasurer
Contact Phone Number: 812-723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The Treasurer developed new procedures in August of 2018 in regards to internal controls of the SEFA report.
- The Superintendent now reviews the grant information entered on the SEFA report by the treasurer and approves the report and confirms the information and amounts are accurate.

Anticipated Completion Date: Completed August 2018.

Courtney Brown

Signature

Corporation Treasurer

Title

11/12/18

Date

PAOLI COMMUNITY SCHOOL CORPORATION
OFFICE OF THE SUPERINTENDENT

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COURTNEY BROWN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Courtney Brown, Treasurer and Lisa Muth, Centralized School Lunch Treasurer
Contact Phone Number: 812-723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The Treasurer has already developed new procedures and has implemented additional internal control procedures in regards to School Corporation collections and lunch account payments.
- The Treasurer has the Superintendent's Secretary review receipts and verify they match deposits. The Secretary will also date and sign the receipt edit as acknowledgement of review and accuracy.
- The Extra-Curricular Treasurer in each building will issue receipts for amounts collected for the lunch account. The Centralized School Lunch Treasurer will verify the amount received matches the receipts and make the deposit and post to the student's accounts.

Anticipated Completion Date: Corporation Actions completed May 2017.
School Lunch Account completed July 2017.

Courtney Brown

Signature

Corporation Treasurer

Title

11/12/18

Date

PAOLI COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

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COURTNEY BROWN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Courtney Brown, Treasurer and Lisa Muth, Centralized School Lunch Treasurer
Contact Phone Number: 812-723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The High School ECA treasurer processes free and reduced applications and the HS assistant principal or Elementary principal review all applications and verify information and eligibility are correct by signing all applications.
- The Corporation Treasurer prepares the Annual Financial Report and Monthly Sponsor Claims. The Centralized School Lunch Treasurer now reviews the Annual Financial Report and Monthly Sponsor Claims for accuracy and approval.
- The Elementary principal prepares the SFA Verification Collection Reports and the Centralized School Lunch Treasurer now reviews the report for accuracy and approval.
- The Corporation Treasurer prepares the Paid Lunch Equity Tool and the Centralized School Lunch Treasurer now reviews the tool for accuracy and approval.

Anticipated Completion Date: Eligibility completed January 2017.

Reporting and Verification Procedures completed October 2018.

Paid Lunch Equity anticipated March 2019.

Courtney Brown

Signature

Corporation Treasurer

Title

11/12/18

Date

PAOLI COMMUNITY SCHOOL CORPORATION

OFFICE OF THE SUPERINTENDENT

GREG WALKER
SUPERINTENDENT OF SCHOOLS

501 ELM STREET OFC SUPT
PAOLI, INDIANA 47454-1197
TELEPHONE: (812) 723-4717
FAX: (812) 723-5100

COURTNEY BROWN
TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2017-004

Contact Person Responsible for Corrective Action: Courtney Brown, Treasurer and Cindy Eubank, Deputy Treasurer
Contact Phone Number: 812-723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The Deputy Treasurer prepares the Semi-Annual Certification and it is reviewed and verified by the Corporation Treasurer.
- Special Education Shared Employees give the Deputy Treasurer a time sheet each pay period indicating what corporation they worked at each day.

Anticipated Completion Date: Completed July 2017.

Courtney Brown

Signature

Corporation Treasurer

Title

11/12/18

Date

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COURTNEY BROWN
TREASURER

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2017-005

Contact Person Responsible for Corrective Action: Special Education Director, Janice Oakley and Superintendent, Greg Walker
Contact Phone Number: 812-723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The Special Education Director will ensure that all contractors are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded by any federal agency or by any department, agency or political subdivision of the State of Indiana. The Coop Board/Superintendent will ensure that all documentation required for subcontractors is on file at the Special Education Cooperative office.

Anticipated Completion Date: Completed October 2017.

Courtney Brown

Signature

Corporation Treasurer

Title

11/12/18

Date

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TREASURER

LISA MUTH
SECRETARY

CINDY EUBANK
DEPUTY TREASURER

CORRECTIVE ACTION PLAN

FINDING 2017-006

Contact Person Responsible for Corrective Action: Courtney Brown, Treasurer
Contact Phone Number: 812-723-4717

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

- The Cooperative Treasurer will send the Corporation Treasurer acknowledgment from IDOE stating the final report was submitted and the documentation will include the Cooperative Director's signature.

Anticipated Completion Date: Completed August 2018.

Cindy Brown

Signature

Corporation Treasurer

Title

11/12/18

Date

PAOLI COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on November 15, 2018, with Greg Walker, Superintendent of Schools; Courtney Brown, Treasurer; Cindy Eubank, Deputy Treasurer; and Christopher Boyer, School Board member.