

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

SOUTHWESTERN JEFFERSON COUNTY  
CONSOLIDATED SCHOOL CORPORATION  
JEFFERSON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
02/01/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Laura Boldery	01-01-14 to 12-31-18
Superintendent of Schools	Steve Telfer Trevor Jones	07-01-12 to 06-30-15 07-01-15 to 01-30-19
President of the School Board	Kevin Brierly Jodi Gray John Jones	01-01-14 to 12-31-14 01-01-15 to 12-31-17 01-01-18 to 12-31-18



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TO: THE OFFICIALS OF THE SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED  
SCHOOL CORPORATION, JEFFERSON COUNTY, INDIANA

This report is supplemental to our audit report of the Southwestern Jefferson County Consolidated School Corporation (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 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

December 12, 2018

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS

***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 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 had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal award information entered into Gateway without a control to prevent, or detect and correct, errors prior to submission.

*Context*

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

1. The Child Nutrition Cluster programs were omitted for fiscal year 2015, resulting in expenditures being understated by \$525,715. Program expenditures for fiscal year 2016 were overstated by \$433,150.
2. The Title I Grants to Local Educational Agencies program expenditures were overstated for fiscal year 2016 by \$168,550.
3. The Supporting Effective Instruction State Grants program expenditures were understated for fiscal year 2015 by \$4,366 and overstated for fiscal year 2016 by \$26,875.
4. The Safe and Drug-Free Schools and Communities\_State Grants programs were omitted, resulting in expenditures being understated for fiscal years 2015 and 2016 by \$575 and \$333, respectively.
5. Several program titles, CFDA numbers, and project numbers were incorrect.

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:

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § \_\_.310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management 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, material 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 controls related to the preparation 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.

**FINDING 2016-002**

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

*Condition*

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. *Lack of Segregation of Duties - Receipts:* Receipts were written mostly by one employee who also made the deposits and took the deposits to the bank. Supporting documentation which consisted of duplicate receipts from the daycare and preschool staff was not retained by the Business Office, nor was there any notation of the daycare and preschool receipt numbers recorded on the Business Office's receipts. As a result, those receipts could not be tested. Also, there were no reconciliations between the receipts issued and the actual deposits. As a result, it could not be determined whether the receipts were deposited intact and timely.
2. *Lack of Segregation of Duties - Payroll:* The School Corporation had not separated incompatible activities related to payroll. The employee processing payroll prepared the worksheets for each school year to determine the amounts to be paid to employees, made pay rate and deduction changes, verified and made changes to time sheets and/or authorization worksheets, tracked and made adjustments for the noncertified staff paid year round, input hours worked and leave time used, and prepared some of the payroll deduction payments. This employee also prepared the summary authorization worksheets for several departments and signed off on those departmental authorization worksheets, which included maintenance, bus drivers, and central office/business staff. This employee posted the payroll to the budgetary accounts and also ran the direct deposit reports and processed the direct deposits with the bank. There was no documented evidence of any review or approval process.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

3. *Monitoring of Controls:* The School Corporation had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would require the School Corporation to monitor and assess the quality of the system of internal control.

*Context*

The lack of 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. . . ."

"Risk is the possibility that an event will occur and adversely affect the achievement of objectives. Risk assessment is the process used to identify and assess internal and external risks to the achievement of objectives, and then establish risk tolerances. Each identified risk is evaluated in terms of its impact and likelihood of occurrence. Overall, risk assessment is the basis for determining how risk will be managed. . . ."

"Evaluations are used to determine whether each of the five components of internal control is present and functioning. These evaluations may be conducted on an ongoing or periodic basis. The criteria used are developed by the oversight body, elected officials, management, governing boards, or recognized standard-setting bodies or regulators. . . .

A baseline of the current state of the internal control system is compared against the original design of the internal control system. The baseline consists of issues and deficiencies identified in the internal control system. The results of the monitoring process are evaluated and documented. . . .

Management remediates identified issues. . . ."

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines for Public School Corporations of Indiana, Chapter 1)

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Indiana Code 5-13-6-1(c) states in part:

" . . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

Indiana Code 5-13-6-1(g) states in part:

"The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

- (2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.
- (3) A city or a town required to deposit funds under subsection (d).

However, the funds on hand must be deposited not later than the business day following the day that the funds do exceed five hundred dollars (\$500)."

Indiana Code 5-15-6-3 states:

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

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

*Cause*

Management of the School Corporation had not established a proper system of internal control. An evaluation of the School Corporation's system of internal control had not been conducted. Management had not conducted a risk assessment related to the School Corporation's financial transactions and reporting over receipts and payroll.

*Effect*

The failure to establish controls enabled noncompliance to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting over receipts and payroll.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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 2016-003**

Subject: Title I Grants to Local Educational Agencies - Internal Controls

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Eligibility; Reporting; Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals; Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2014-008 from the immediately prior audit related to Activities Allowed or Unallowed, Eligibility, and Reporting.

*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 following compliance requirements: Activities Allowed or Unallowed; Eligibility, Reporting; Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals; and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

*Activities Allowed or Unallowed*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Title I funds were expended for allowable activities. There was no evidence that the Title I Director had reviewed the Title I funds' expenditure history reports, payroll distribution reports, revenue history reports, or payroll deduction and related employer benefit reports to ensure that only allowable activities were charged to the Title I program funds. Also, not all vendor accounts payable vouchers (APV) were reviewed and approved by the Title I Director to ensure that the APVs were only for allowable activities.

*Eligibility*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the pre-populated public and poverty enrollment figures and the nonpublic school's student count and poverty information reported on the Title I Application, Eligible Schools Summary page were reflective of the School Corporation's records. An oversight or review process over the reported enrollment and poverty information had not been established.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that required reports were accurate. The Annual Final Expenditure Reports were prepared and submitted by one employee with no oversight, review, or approval process.

*Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals*

The School Corporation had not designed or implemented internal controls to ensure that teachers and paraprofessionals hired within the School Corporation met the highly qualified requirements.

*Special Tests and Provisions - Annual Report Card, High School Graduation Rate*

The School Corporation had no documented oversight or review procedure to ensure that supporting documentation was on file, the correct code was reported for all students removed from the cohorts, and that a copy of each year's final cohort report was retained.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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 related to the grant agreement and 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.

**FINDING 2016-004**

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: 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 requirement.

*Procurement*

An effective internal control system was not in place at the School Corporation to ensure that the purchasing methods used complied with applicable state and local requirements, or that revisions were made to the purchasing policy to ensure that the purchasing method used complied with 2 CFR 200.320. These regulations include micro-purchases, small purchases, and other purchases, including those with sole source vendors. There were no written standards covering conflicts of interest that governed the performance of its employees engaged in the selection, award, and administration of contracts. The School Corporation also did not have a policy to maintain the history of its procurements.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Suspension and Debarment*

The School Corporation had not established internal controls to ensure compliance with suspension and debarment requirements. There were no effective controls in place to ensure the vendors were not suspended or debarred from participation in federal programs. The School Corporation did not retain proper supporting documentation to show that they had performed any procedures to verify that the vendors were not suspended or debarred from participation in federal programs before doing business with them.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The non-compliance related to procurement was isolated to the 2015-2016 fiscal year. The noncompliance related to suspension and debarment was a systemic issue, which occurred throughout the audit period.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

"(a) 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.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. . . .

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CRF 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance 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 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 2016-005**

Subject: Title I Grants to Local Educational Agencies - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not have adequate support for all payroll expenditures from the Title I funds. Several employees worked in more than one position; however, their timesheets did not always reflect the actual distribution for each position. In addition, payroll distribution reports were not monitored to ensure employees' payroll was from the proper fund.

Three of the four Semi-Annual Certification Reports prepared during the audit period were not signed.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

The Title I Director did not obtain or review the Title I fund revenue history, expenditure history, or payroll distribution reports to ensure that only allowable costs were charged to the Title I funds. Some accounts payable vouchers were not reviewed and approved by the Title I Director, but instead were only signed by the Treasurer.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

OMB Circular A-87, Attachment B, section 8h 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.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

These records must:

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

OMB Circular A-87, Attachment A, Part C states in part:

- "1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of this Circular. . . .
  - j. Be adequately documented."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions such as processing payroll and monitoring payroll fund distributions.

*Effect*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*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 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 2016-006**

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Schoolwide Programs  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000, 16-4000  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Schoolwide Programs  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

*Condition*

Management of the School Corporation did not have an effective internal control system in place to ensure compliance with the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement. Documentation was not presented for audit to verify that the elementary school operating a schoolwide program performed the required annual evaluation.

*Context*

The lack of controls and 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. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 200.26(c) states:

"*Evaluation.* A school operating a schoolwide program must—

- (1) Annually evaluate the implementation of, and results achieved by, the schoolwide program, using data from the State's annual assessments and other indicators of academic achievement;
- (2) Determine whether the schoolwide program has been effective in increasing the achievement of students in meeting the State's academic standards, particularly for those students who had been furthest from achieving the standards; and
- (3) Revise the plan, as necessary, based on the results of the evaluation, to ensure continuous improvement of students in the schoolwide program."

*Cause*

Management had not developed a system of internal controls to ensure that documentation was maintained to support compliance with the Special Tests and Provisions - Schoolwide Programs 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 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 related to the grant agreement and the Special Tests and Provisions - Schoolwide Programs compliance requirement.

*Views of Responsible Officials*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-007***

Subject: Title I Grants to Local Educational Agencies - Period of Performance  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 14-4000, 15-4000  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Period of Performance  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

*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 Period of Performance compliance requirement.

Salaries were posted to the Title I grant fund after the period of performance had ended. Transfers to correct the errors were made several months later.

*Context*

The lack of internal controls was a systemic issue, which occurred throughout the audit period. The noncompliance was isolated to fiscal year 2014-2015.

*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). . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

34 CFR 80.23(a) states:

*"General.* Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

2 CFR 200.309 states in part:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance . . . and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

*Cause*

The School Corporation had not developed a system of internal controls to ensure compliance with the Period of Performance compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance 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 establish controls related to the grant agreement and the Period of Performance 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 - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers (or Other Identifying Numbers): SY 14/15, SY 15/16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Repeat Finding*

This is a repeat of Finding 2014-002 from the immediately prior audit.

*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*

An effective internal control system was not in place at the School Corporation to ensure that the purchasing methods used complied with applicable state and local requirements, or that revisions were made to the purchasing policy to ensure that the purchasing method used complied with 2 CFR 200.320.

The Food Service Director was responsible for the preparation, distribution, and review of the bid packets sent to vendors. There was no oversight to verify that the School Corporation was adhering to grant requirements over procurement.

The School Corporation did not revise their purchasing policy to conform to the 2 CFR 200.320 standards. These standards included micro-purchases, small purchases, and other purchases including those with sole source vendors. The School Corporation also did not have written standards covering conflicts of interest governing performance of its employees engaged in the selection, award, and administration of contracts. In addition, the School Corporation did not have a policy to maintain, and did not maintain, the history of its procurements.

*Suspension and Debarment*

The School Corporation had not established internal controls to ensure compliance with suspension and debarment requirements. There were no effective controls in place to ensure that the vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not comply with the suspension and debarment requirements. The School Corporation had not established a suspension and debarment policy nor did they retain supporting documentation to show that they verified that the vendors were not suspended or debarred from participation in federal programs before doing business with them.

*Context*

The lack of controls over procurement occurred throughout the audit period. The noncompliance with procurement was isolated to fiscal year 2015-2016. The lack of controls and noncompliance over suspension and debarment 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. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
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). . . ."

7 CFR 3016.36(b)(1) states: "Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

2 CFR 200.318 states in part:

"(a) 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.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. . . .

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

(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. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CRF 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

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

*Cause*

The School Corporation had not developed a system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance 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 establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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 2016-009**

Subject: Child Nutrition Cluster - Equipment  
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): SY 14/15, SY 15/16  
Pass-Through 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 requirements related to the grant agreement and the equipment management requirements.

Equipment records were not maintained during the audit period. Also, no evidence of an inventory of equipment during the audit period was presented for audit.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

2 CFR 200.313(d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, 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 funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years. . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance 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 with the grant agreement and the equipment management requirements.

*Views of Responsible Officials*

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

**FINDING 2016-010**

Subject: Child Nutrition Cluster - Internal Controls

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): SY 14/15, SY 15/16

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications NSLP), Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Repeat Finding*

This is a repeat of Findings 2014-003, 2014-004, 2014-005, and 2014-006 from the immediately prior audit related to Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Reporting, and Eligibility.

*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 following compliance requirements:

*Activities Allowed or Unallowed*

Timesheets were used to support the payroll expenses paid from School Lunch funds, but some of the timesheets examined were not reviewed and signed by the Food Service Director or supervising official.

*Eligibility*

Determination of eligibility and review of computerized free and reduced applications were performed by one employee without any evidence of an oversight, review, or approval process.

*Reporting*

Monthly Sponsor Claims (claims for reimbursement), Annual Financial Reports, and the annual Verification of Free and Reduced Price Applications (NSLP) reports were prepared and submitted by either the Food Service Director or the assistant to the Food Service Director without any oversight, review, or approval process.

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

The verification process was performed by one person. A second person signed the paperwork during the 2015-2016 fiscal year; however, they did not perform any oversight, review, or approval process.

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

Paid Lunch Equity calculations were prepared by one employee without an oversight, review, or approval process.

*Special Tests and Provisions - School Food Accounts*

Controls were not in place to ensure that all applicable revenues and expenses were properly accounted for in the School Lunch fund. The Food Service Director did not obtain or review the School Lunch fund revenue history, expenditure history, or payroll distribution reports to ensure that only allowable costs were charged to the School Lunch fund.

*Context*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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*

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

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-011***

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 14/15, SY 15/16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Allowable Costs/Cost Principles  
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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not have adequate support for all payroll expenditures from the School Lunch fund. Several employees worked in more than one position; however, their timesheets did not reflect the actual distribution for each position. Timesheets were not always signed by a supervisor. In addition, payroll distribution reports were not monitored to ensure employees' payroll was from the proper fund.

The Food Service Director did not obtain or review the School Food fund revenue history, expenditure history, or payroll distribution reports to ensure that only allowable costs were charged to the School Lunch fund. Some accounts payable vouchers were not reviewed and approved by the Food Service Director, but instead were only signed by the Corporation Treasurer.

During the spring of 2016, the School Corporation began paying for utilities out of the School Lunch fund; however, there was no documentation of how the amounts charged to the School Lunch fund were determined.

*Context*

The lack of controls and the noncompliance were systemic issues during 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. . . ."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
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). . . ."

OMB Circular A-87, Attachment B, section 8h 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. . . ."

OMB Circular A-87, Attachment A, Part C states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

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FEDERAL FINDINGS  
(Continued)

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions such as processing payroll and monitoring payroll fund distributions.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance 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 with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. In addition, we recommended that payroll distribution reports be monitored to ensure employees' payroll is paid from the proper funds.

*Views of Responsible Officials*

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

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2016-012***

Subject: Child Nutrition Cluster - Cash Management  
Federal Agency: Department of Education  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 14/15, SY 15/16  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

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

*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 monthly cash balance (net cash resources) for the School Lunch fund exceeded the 3 months average expenditures for 20 of the 24 months during the audit period.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

7 CFR 220.7(e) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:  
. . .

(iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured that the School Corporation complied with the Cash Management 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 compliance requirement could have resulted in a loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash 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 2016-013**

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

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-038-PN01, 45713-038-PN01  
14214-038-PN01, 14214-157-PN01,  
99914-038-PN01, 99914-157-PN01,  
45714-157-PN01, 14215-038-PN01,  
5715-038-PN01, 14216-036-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED 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 level of effort - maintenance of effort (MOE) requirements.

The information presented for audit to support the MOE calculations did not agree with the information included on the fiscal year 2015 and fiscal year 2016 applications. In addition, several of the amounts used for state and local expenditures were percentages of disbursements, which were not specifically identified as special education excess costs or included in the prior year MOE calculations. There was no documentation as to why these disbursements would be considered excess costs for special education. The expenditure accounts used are required to be consistent unless it was an allowable exclusion or adjustment.

The amounts reported on both the fiscal year 2015 and fiscal year 2016 applications were based on the wrong fiscal year expenditure reports. The amounts reported for the fiscal year 2015 application were based on the fiscal year 2013 expenditure reports but should have been based on the fiscal year 2014 expenditure reports. The amounts reported for the fiscal year 2016 application were based on the fiscal year 2014 expenditure reports, but should have been based on the fiscal year 2015 expenditure reports.

*Context*

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 300.205 states:

"(a) *Amounts in excess.* Notwithstanding § 300.202(a)(2) and (b) and § 300.203(b), and except as provided in paragraph (d) of this section and § 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under § 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by § 300.203(b) by not more than 50 percent of the amount of that excess.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

(b) *Use of amounts to carry out activities under ESEA.* If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

(c) *State prohibition.* Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of section 613(a) of the Act and this part or the SEA has taken action against the LEA under section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) *Special rule.* The amount of funds expended by an LEA for early intervening services under § 300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section."

2 CFR 300.203(b) states in part:

*"Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
  - (i) Local funds only;
  - (ii) The combination of State and local funds;
  - (iii) Local funds only on a per capita basis; or
  - (iv) The combination of State and local funds on a per capita basis. . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the level of effort requirements.

*Views of Responsible Officials*

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

# Southwestern Jefferson County Consolidated School Corporation

239 South Main Cross Street Hanover, Indiana 47243-9309 Administrative Office 812-866-6250 FAX 812-866-6256

Superintendent

Trevor Jones

Assistant To  
Superintendent/  
Corporation Treasurer  
Laura Boldery

Board of School Trustees

John Jones, President  
Richard Stockdale, Vice-President  
Lacie Deputy, Secretary  
Narci Burress, Member  
Jodi Gray, Member

December 6, 2018

## CORRECTIVE ACTION PLAN

### FINDING 2016-001

Contact Person Responsible for Corrective Action: Laura Boldery, Treas. : Melissa May, Assistant Treas.  
Contact Phone Numbers: 812-866-6253 & 812-866-1235

We concur with the finding.

Audit adjustments were proposed and made to the SEFA while Auditor was here.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submission.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on that issue.

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# Southwestern Jefferson County Consolidated School Corporation

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Jodi Gray, Member

December 7, 2018

## CORRECTIVE ACTION PLAN

### FINDING 2016-002

Contact Person Responsible for Corrective Action: Laura Boldery, Treasurer; Melissa May, Assistant Treasurer; Linda Shepherd, Deputy Treasurer – Payroll Secretary  
Contact Phone Numbers: 812-866-6253; 812-866-1235; 812-866-6252

We concur with the finding.

Receipts: We now have a person making up deposits another writes receipts. Deposits are taken to the bank by switching different times. A form has been made for verification of all deposit numbers, receipt numbers and signatures for every deposit. Testing should be easier for future audits.

Payroll: Department heads are signing time sheets. Payroll is posted into the budget by the treasurer.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from our office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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December 7, 2018

## CORRECTIVE ACTION PLAN

### FINDING 2016-003

Contact Person Responsible for Corrective Action: Laura Boldery, Treasurer; Melissa May, Assistant Treasurer; Title I Administrator – Elementary Principal  
Contact Phone Numbers: 812-866-6253; 812-866-1235; 812-866-6215

We concur with the finding.

Expenditure reports are given to the Title I Administrator monthly. The procedure has been followed and will continue. The Administrator is to inform Central Office if something has been paid from the wrong account and it will be corrected immediately.

The Auditor has informed the Title I Administrator and the Title I Secretary of the correct procedures to be followed concerning the Eligibility and Reporting. A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submission.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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December 7, 2018

## CORRECTIVE ACTION PLAN

### FINDING 2016-004

Contact Person Responsible for Corrective Action: Title I Administrator, Elementary Principal; Melissa May, Assistant Treasurer; Laura Boldery, Treasurer

Contact Phone Numbers: 812-866-6215; 812-866-1235; 812-866-6253

We concur with the finding.

Management and all persons concerned have been informed of the Procurement and Suspension and Debarment compliance requirement. Every effort will be made to conform.

The "Standards for Internal Control in the Federal Government" will be used. Vendors will be checked by one or two persons to be sure they have not been suspended or debarred from participation in federal programs. Supporting documentation will be on file for Audit.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for error prior to submission of purchasing Federal equipment or supplies. The Wilson Center Co-op has been used for verification purposes.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on that issue.

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December 7, 2018

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Jodi Gray, Member

## CORRECTIVE ACTION PLAN

### FINDING 2016-005

Contact Person Responsible for Corrective Action: Title I Administrator, Elementary Principal; Linda Shepherd, Deputy Treasurer, Payroll; Melissa May, Assistant Treasurer, Title I secretary; Laura Boldery, Treasurer

Contact Phone Numbers: 812-866-6215; 812-866-6252; 812-866-1235; 812-866-6253

We concur with the finding.

Payroll is now completing separate payroll time sheets for each job performed. Employees will be instructed to place the number of days worked on every time sheet. This will verify each employee has worked the correct number of days being paid for the number of their hired positions.

The Auditor discussed the concerns with the Title I Director and every effort will be made to conform.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours per week to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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Jodi Gray, Member

December 7, 2018

## CORRECTIVE ACTION PLAN

### FINDING 2016-006

Contact Person Responsible for Corrective Action: Title I Administrator, Elementary Principal; Melissa May, Assistant Treasurer

Contact Phone Numbers: 812-866-6215; 812-866-1235

We concur with the finding.

Management and all persons involved have been informed of the Federal compliance requirements concerning the grant agreement and the Allowable Costs/Cost Principals by the Auditor. Every effort will be made to conform.

Documents will be available for the Auditor to inspect to show that an annual evaluation has been done to show the implementation and results achieved by the schoolwide program. Data will be used from the State's annual assessments and other indicators of academic achievement. The Evaluation will determine whether the schoolwide program has been effective in meeting the State's academic standards.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. More than one person will verify information presented.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours per week to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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December 7, 2018

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Jodi Gray, Member

## CORRECTIVE ACTION PLAN

### FINDING 2016-007

Contact Persons Responsible for Corrective Action: Melissa May, Assistant Treasurer; Laura Boldery, Treasurer; Title I Administrator, Elementary Principal  
Contact Phone Numbers: 812-866-1235; 812-866-6253; 812-866-6215

We concur with the finding.

Management and all persons involved have been informed of the Federal compliance requirements concerning the grant agreement and the Period of Performance by the Auditor. Every effort will be made to conform.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

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December 7, 2018

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Jodi Gray, Member

## CORRECTIVE ACTION PLAN

### FINDING 2016-008

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director  
Contact Phone Number: 812-866-6254

We concur with the finding.

Management and all persons involved have been informed of the noncompliance with the grant agreement and the compliance requirements concerning the Procurement and Suspension and Debarment. Every effort will be made to conform.

July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with them and explained all the requirements for compliance.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

### CHARACTER COUNTS!

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December 7, 2018

## CORRECTIVE ACTION PLAN

Board of School Trustees

John Jones, President  
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Lacie Deputy, Secretary  
Narci Burress, Member  
Jodi Gray, Member

### FINDING 2016-009

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director  
Contact Phone Number: 812-866-6254

We concur with the finding.

Management and all persons involved have been informed of the correct procedures concerning the Grant agreement and the Equipment compliance requirement. Every effort will be made to conform.

July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with them and explained all the requirements for compliance.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We are currently using a past employee from central office 6 to 8 hours weekly to help with internal control. This will be continued as long as the Board allows. We will continue working on this issue.

### CHARACTER COUNTS!

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December 7, 2018

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Jodi Gray, Member

## CORRECTIVE ACTION PLAN

### FINDING 2016-010

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director  
Contact Phone Number: 812-866-6254

We concur with the finding.

Management and all persons involved have been informed of the correct procedures concerning the grant agreement and payroll compliance requirements. Every effort will be made to conform.

Activities Allowed or Unallowed: July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with both and explained all the requirements for compliance. One will approve the others work. Timesheets will be signed by one of the two listed above.

Eligibility: The Director or Assistant will complete the determination of eligibility for free and reduced applications. The other will review and approve the process.

Reporting: The Director or Assistant will complete the annual financial reports and the annual verification of free and reduced price applications (NSLP) . One will Prepare, submit reports. The other will review and approve process.

Special Tests and Provisions: The Director or Assistant will obtain and review the School Food fund revenue history, expenditure history and payroll to ensure that only allowable costs were charged to the School Lunch fund monthly.

A spread sheet will be in a file to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submissions.

Internal controls continue to be a problem to all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

### CHARACTER COUNTS!

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Lacie Deputy, Secretary  
Narci Burress, Member  
Jodi Gray, Member

December 7, 2018

## CORRECTIVE ACTION PLAN

### FINDING 2016-11.

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director; Linda Shepherd, Deputy Treasurer – Payroll; Laura Boldery, Treasurer  
Contact Phone Numbers: 812-866-6254; 812-866-6252; 812-866-6253

We concur with the finding.

Management and all persons involved have been informed of the correct procedures concerning the grant agreement and the Allowable Costs/Cost Principals compliance requirements. The payroll secretary has been informed of the payroll compliance

July 1, 2018 a new Director and an Assistant have been hired. The Auditor has met with them and explained all the requirements for compliance.

The payroll department is working on monitoring the payroll distribution reports to ensure employees' payroll is paid from the proper funds. The Treasurer or Assistant Treasurer will try to monitor and sign the verification.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

### CHARACTER COUNTS!

Everywhere – All The Time

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Superintendent

Trevor Jones

*Assistant To*

*Superintendent/*

Corporation Treasurer

Laura Boldery

December 7, 2018

Board of School Trustees

John Jones, President  
Richard Stockdale, Vice-President  
Lacie Deputy, Secretary  
Narci Burress, Member  
Jodi Gray, Member

## CORRECTIVE ACTION PLAN

### FINDING 2016-012.

Contact Persons Responsible for Corrective Action: Wanda Spurgeon, Food Service Director; Laura Boldery, Treasurer  
Contact Phone Numbers: 812-866-6254; 812-866-6253

We concur with the finding.

Management has been informed of the report of noncompliance on the monthly cash balance. The Treasurer or Assistant Treasurer has been calculating the three months to achieve a cash balance. We have been working since the last 2014 audit to lower the cash balance to remain within the required limit. We will continue working on this problem.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

### CHARACTER COUNTS!

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December 7, 2018

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Jodi Gray, Member

## CORRECTIVE ACTION PLAN

### FINDING 2016-013.

Contact Persons Responsible for Corrective Action: Laura Boldery, Treasurer; Melissa May, Assistant Treasurer; Chris Trader, Special Services Unit Treasurer  
Contact Phone Numbers: 812-866-6253; 812-866-1235

We concur with the Finding.

Paperwork is always attached to any report that the Treasurer completes. Step by step procedures as to how the amounts were arrived at was not in the file. However, the worksheets were in the files. We had never been asked or told to have a step by step process only backup paper work.

Chris Trader, Treasurer at the Co-Op goes over each MOE. We are called immediately if he sees any errors or differences from one year to the next. He is the internal control for the Treasurer. Chris has come to our office and helped the Assistant Treasurer complete the MOE several times. It is approved by him when it is finished.

We will continue to work on the Level of Effort compliance requirement. More paperwork will be in the 2019 MOE.

A spread sheet will be attached for Auditor to use to verify internal controls are being followed to the best of our ability. One person will enter information and someone will check for errors prior to submission. An outline of how the information was arrived will be made available in the folder.

Internal controls continue to be a problem in all governmental units due to a shortage of funds to support extra personnel. We will continue working on this issue.

**CHARACTER COUNTS!**

Everywhere – All The Time

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SOUTHWESTERN JEFFERSON COUNTY CONSOLIDATED SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on December 12, 2018, with Laura Boldery, Treasurer; Trevor Jones, Superintendent of Schools; Jeffrey L. Bates; High School Principal/interim Superintendent of Schools; and John Jones, President of the School Board.