

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

FAYETTE COUNTY SCHOOL CORPORATION

FAYETTE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
02/15/2019



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2017-001	
Child Nutrition Cluster - Internal Controls .....	4-5
Finding 2017-002	
Child Nutrition Cluster - Suspension and Debarment .....	5-7
Finding 2017-003	
Child Nutrition Cluster - Reporting .....	7-9
Finding 2017-004	
Head Start - Cash Management .....	9-10
Finding 2017-005	
Head Start - Reporting .....	11-12
Finding 2017-006	
Head Start - Allowable Costs/Cost Principles .....	12-13
Corrective Action Plan.....	14-16
Exit Conference.....	17

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance/Treasurer	Jane Kellam-Tollett	07-01-15 to 06-30-19
Superintendent of Schools	Dr. Russell Hodges Scott Collins	07-01-15 to 01-31-17 02-01-17 to 06-30-19
President of the School Board	Ralph Burchett Leslie Jacobs	07-01-15 to 12-31-16 01-01-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE FAYETTE COUNTY SCHOOL  
CORPORATION, FAYETTE COUNTY, INDIANA

This report is supplemental to our audit report of the Fayette County School Corporation (School Corporation), for the period from July 1, 2015 to June 30, 2017. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](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 19, 2018

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS

***FINDING 2017-001***

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Cash Management, Special Tests and Provisions - Paid Lunch Equity  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2015-002. The finding was corrected subsequent to the audit period.

*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 and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Cash Management*

The School Corporation had not established a control to ensure the School Lunch fund's net cash resources did not exceed the three months average expenditures.

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure the accuracy of the Paid Lunch Equity calculations. The Food Service Director was responsible for compliance with Paid Lunch Equity requirements. An oversight, review process, or other compensating control had not been established.

*Context*

The lack of controls over the compliance requirements identified above was a systemic problem. There were no documented internal controls for these requirements 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:

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management and Special Tests and Provisions - Paid Lunch Equity 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 Cash Management and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2015-003. The finding was corrected subsequent to the audit period.

FAYETTE COUNTY 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 the requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. There were no controls in place to ensure that vendors were not suspended or debarred from participating in federal programs.

*Context*

The School Corporation did not comply with the suspension and debarment requirements to verify that awarded contracts exceeding \$25,000 were not with suspended or debarred entities. There was no evidence provided that a search of the SAM exclusions was conducted, that certification from the entity was collected, or that a clause or condition was added to the contract.

The lack of controls and the noncompliance were systemic issues. The School Corporation did not comply with the suspension and debarment requirements 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 provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

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

You do this by:

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

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the suspension and debarment requirements.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected, which 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 Procurement and Suspension and Debarment compliance requirement. We also recommended that the School Corporation comply with the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-003**

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

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 Reporting compliance requirement.

The School Corporation had a consulting agreement with a private vendor to oversee the School Corporation's food service operations. The Food Service Director and Assistant Food Service Director were employees of the private vendor. The Food Service Director filed the required School Food Authority (SFA) Verification Collection Reports and Annual Financial Reports (AFR), while the Assistant Food Service Director filed the required Sponsor Claims (claims for reimbursement) to the Indiana Department of Education for the Child Nutrition Cluster programs. There was no control in place to ensure that the reports were correct.

The AFRs filed for the fiscal years ending June 30, 2016, and June 30, 2017, did not agree with the School Corporation's financial records. The School Corporation implemented controls subsequent to the audit period for the SFA Verification Collection Reports, AFRs, and Sponsor Claims.

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

The lack of internal controls was a systemic issue occurring throughout the audit period and enabled noncompliance with the reporting requirements.

*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 3016.20(b) states in part:

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

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

2 CFR 200.302(b)(2) states in part:

"Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

*Cause*

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

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

*Auditor's Response*

Child Nutrition Cluster (CFDA #10.553, #10.555, #10.559) grantees are required to complete and submit AFRs that show summary financial data of Child Nutrition Cluster program operations, including, but not limited to: income, expenses, and account balances. As part of our procedures to test Child Nutrition Cluster reporting compliance requirements, we tested two AFRs filed for fiscal years ending June 30, 2016, and June 30, 2017. The results of the compliance testing identified that the presented summary financial data on both reports was not materially supported by the School Corporation's records. Upon further investigation, we found that the School Corporation contracted a service organization to handle the day-to-day school lunch program operations and complete AFRs on the School Corporation's behalf. The service organization completed the two reports tested based on their own financial records of the School Corporation's school lunch program. Through inquiry, we identified that there was a timing difference of financial activity between the service organization's financial records and the School Corporation's financial records. During the time of the audit, no reconciliation was available for audit to identify the differences in order to determine whether the AFRs were accurate.

**FINDING 2017-004**

Subject: Head Start - Cash Management

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH8315/02, 05CH8315/03,  
05CH8315/04

Compliance Requirement: Cash Management

Audit Finding: Material Weakness

*Condition*

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program expenditures were either paid or used for immediate disbursement prior to the School Corporation requesting funds. One person prepared and submitted the requests for funds. There was no segregation of duties such as an oversight, review, or approval process over request submissions.

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

The lack of 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. . . ."

*Cause*

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

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Auditor's Response*

The School Corporation requested reimbursement of Head Start (CFDA #93.600) expenditures through the Payment Management System. Head Start grantees are not required to complete an SF-270, Request for Advance or Reimbursement report. So, the School Corporation documented their reimbursement request information on an in-house produced form, which detailed the reimbursement request date and request amount. As part of our procedures to understand the unit's internal controls over the Cash Management compliance requirement, we inspected four in-house produced reimbursement request forms, and saw no evidence to indicate that a review of the request took place. Upon further investigation through inquiry, neither the School Corporation, nor Head Start management could provide evidence that the submitted reimbursement requests were prepared/submitted by one School Corporation representative and reviewed by a different School Corporation representative with sufficient knowledge to ensure that program costs were paid for by School Corporation funds before reimbursement was requested from the Federal Government.

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

**FINDING 2017-005**

Subject: Head Start - Reporting  
Federal Agency: Department of Health and Human Services  
Federal Program: Head Start  
CFDA Number: 93.600  
Federal Award Numbers and Years (or Other Identifying Numbers): 05CH8315/02, 05CH8315/03  
Compliance Requirement: Reporting  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement to ensure that the Federal Financial Reports (SF-425) were accurate prior to submission.

The SF-425 final reports filed by the School Corporation for the reporting periods ending September 30, 2015 and 2016, did not agree with the School Corporation's financial records. The total cash receipts, as well as the total cash disbursements reported for both periods, did not materially agree to the School Corporation's Head Start funds activity. Furthermore, the School Corporation incorrectly stated on their September 30, 2016 report that they received a non-federal share waiver of \$31,860. The Department of Health and Human Services neither approved, nor denied the waiver.

*Context*

Internal control issues were systemic issues occurring throughout the audit period and enabled noncompliance with the reporting requirements.

*Criteria*

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

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

7 CFR 3016.20(b) states in part:

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

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

*Cause*

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

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which 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 Reporting compliance requirement. We also recommended that the School Corporation comply with the Reporting compliance requirement.

*Views of Responsible Officials*

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

*Auditor's Response*

Head Start (CFDA #93.600) grantees are required to complete and submit SF-425, Federal Financial Reports that show summary financial data of Head Start program operations, including, but not limited to: federal cash receipt transactions and federal cash disbursement transactions. As part of our procedures to test Head Start reporting compliance requirements, we tested two final SF-425, Federal Financial Reports. The results of the compliance testing identified that federal cash receipt transactions and federal cash disbursement transactions on both reports were not materially supported by the School Corporation's records. Upon further investigation, we found that the unit had reported quarterly amounts, not the required cumulative amounts as outlined in the SF-425 Federal Financial Report instructions.

**FINDING 2017-006**

Subject: Head Start - Allowable Costs/Cost Principles

Federal Agency: Department of Health and Human Services

Federal Program: Head Start

CFDA Number: 93.600

Federal Award Numbers and Years (or Other Identifying Numbers): 05CH8315/02, 05CH8315/03,  
05CH8315/04

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement to ensure that all costs charged to the Head Start program were allowable.

Expenditures made by the School Corporation out of the Head Start funds for student transportation were paid without adequate documentation to ensure compliance with the Allowable Costs/Cost Principles compliance requirement. The transportation costs in question totaled \$38,003.

FAYETTE COUNTY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

Internal control issues were systemic issues occurring throughout the audit period and enabled noncompliance with the Allowable Costs/Cost Principles requirements.

*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. . . ."

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. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were \$38,003 of 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. We also recommended that the School Corporation comply with 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.



# Fayette County School Corporation

1401 Spartan Drive • Connersville, IN 47331  
Phone (765) 825-2178 • Fax (765) 825-8060

## CORRECTIVE ACTION PLAN

### **FINDING 2017-001** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance  
Rachel O'Brian, Director of Food Service  
Contact Phone Number: 765-825-2178

Views of Responsible Official: This finding was corrected immediately following the prior audit; however, due to the delinquent audit the finding was not corrected prior to June 30, 2017.

#### Description of Corrective Action Plan:

Cash Management: A spreadsheet will be created to calculate a three month average of expenditures and compare that amount with the month-end cash balance of the school lunch fund. The expenditure amounts will come from the financial accounting system's fund and budget history reports. The Director of Finance will maintain the spreadsheet. The spreadsheet will be reviewed monthly by the Director of Food Service (Assistant Director of Food Service in the absence of the Food Service Director). The document will be signed or initialed and dated monthly by the Director of Finance and the Director of Food Service. Cash balance will be maintained at an acceptable amount. Excess amounts will be reported to the Indiana division of school nutrition along with a plan for expenditure. The spreadsheet and supporting documentation will be kept in accordance with the state and federal retention guidelines.

Special Tests and Provisions-Paid Lunch Equity --The Food Service Director (or Assistant Director in the absence of the Director) will complete the paid lunch equity calculations annually. The calculations will be provided to the Director of Finance for review and for presentation to the Board of School trustees in consideration for paid lunch rate changes. A copy will be maintained in the Food Service Internal Control notebook. All documentation will be kept in accordance with state and federal retention guidelines.

Anticipated Completion Date: August 2018

### **FINDING 2017-002** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance  
Rachel O'Brian, Director of Food Service  
Contact Phone Number: 765-825-2178

Views of Responsible Official: This finding was corrected immediately following the prior audit; however, due to the delinquent audit the finding was not corrected prior to June 30, 2017.

Description of Corrective Action Plan: Fayette County School Corporation will print the supporting documentation from SAM for required contractors. Documentation will be maintained in the Food Service Internal Control Notebook. All documentation will be kept in accordance with state and federal retention schedules.

Anticipated Completion Date: August 2018

***FINDING 2017-003*** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance  
Rachel O'Brian, Director of Food Service  
Contact Phone Number: 765-825-2178

Views of Responsible Official: AFR will not agree with the school corporation records. The food service expenses paid by the private vendor are not reimbursed by the school corporation until the month following expenditure.

Description of Corrective Action Plan: Fayette County School Corporation maintains a spreadsheet that accounts for vendor and local payments for food service expenses. This spreadsheet will be used to prepare the AFR. The Director of Finance and the Director of Food Service will work together and both sign the AFR to document agreement with the data submitted.

Anticipated Completion Date: Filing of the 2018-2019 AFR (Annual Financial Report)

***FINDING 2017-004*** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance  
Kelly Pflum McCullum, Director of Early Childhood  
Contact Phone Number: 765-825-2178

Views of Responsible Official: Claims were submitted by Head Start Program with a copy immediately sent to Central Office to monitor for receipt of funds. Reimbursements were posted as received, generally within two days of the reimbursement claim submission. The Head Start Program experiences audits and desktop reviews outside of the audits performed by the State Board of Accounts, to which there has never been any concern expressed that the school corporation lacks adequate internal controls over cash management.

Description of Corrective Action Plan: Future claims for reimbursement will be signed by the preparer and by the Director of Finance/Treasurer or the Deputy Treasurer at the time of submission. Claim amounts will continue to be verified to cash balance to ensure excess cash is not kept on hand.

Reporting: The Food Service Director (or Assistant Director in the absence of the Director) will complete the monthly reimbursement requests and the Annual Financial Report. The reports will be forwarded along with the supporting documentation to the Director of Finance for review and verification prior to submission and a copy will be maintained in the Food Service Internal Control notebook. The Director of Finance will initial and date the reports. All documents will be kept in accordance with state and federal retention guidelines.

Anticipated Completion Date: December 2018

**FINDING 2017-005** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance  
Kelly Pflum McCullum, Director of Early Childhood  
Contact Phone Number: 765-825-2178

Views of Responsible Official: Federal Financial Reports (SF-425) have been prepared the same way for a multitude of years. The Head Start Program experiences audits and desktop reviews outside of the audits performed by the State Board of Accounts, to which there has never been any concern expressed relative to the format submitted.

Description of Corrective Action Plan: The SF-425 final reports filed by the school corporation will include cumulative data instead of the current quarter data in the top section of the form.

Anticipated Completion Date: December 2018

**FINDING 2017-006** (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance  
Kelly Pflum McCullum, Director of Early Childhood  
Darrell Drew, Director of Transportation  
Contact Phone Number: 765-825-2178

Views of Responsible Official: Due to the turn over three times in the Director of Transportation position since the reimbursement was prepared, the school corporation did have difficulty locating the documentation. Documentation provided did exceed the questioned cost of \$38,003.

Description of Corrective Action Plan: Beginning in January 2019 salaries and fringe benefits for the team of head start bus drivers will be charged to separate accounts from regular and special education bus drivers. Additionally, as these buses are only used to provide services for the head start program the mileage will be documented at the start of the school year, the end of the first semester and the end of the second semester to calculate the mileage chargeable to the Head Start Program. All documentation will be attached to the claim for reimbursement.

Anticipated Completion Date: January 2019

Jane Kellam Tollett  
(Signature)

Director of Finance  
(Title)

12/19/18  
(Date)

FAYETTE COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed December 19, 2018, with Jane Kellam-Tollett, Director of Finance/Treasurer; Scott Collins, Superintendent of Schools; Mark E. Beard, School Board member; and Ann Kirschner, School Board member.