

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

NORTH GIBSON SCHOOL CORPORATION

GIBSON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED

03/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jerica Davis	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Brian Harmon	07-01-16 to 06-30-19
President of the School Board	H. Mark Lunghuhn Michael Ice	07-01-16 to 12-31-18 01-01-19 to 12-31-19



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TO: THE OFFICIALS OF THE NORTH GIBSON SCHOOL CORPORATION, GIBSON COUNTY, INDIANA

This report is supplemental to our audit report of the North Gibson School Corporation (School Corporation), for the period from July 1, 2016 to June 30, 2018. It has been provided as a separate report so that the reader may easily identify any Federal Findings that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at www.in.gov/sboa/.

The Federal Finding, identified in the above referenced audit report, is included in this report.

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

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

January 31, 2019

NORTH GIBSON SCHOOL CORPORATION
FEDERAL FINDING

FINDING 2018-001

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

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-072-PN01, 14217-072-PN01,
18611-072-PN01, 45717-072-PN01,
18619-072-PN01

Pass-Through Entity: IN 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 suspension and debarment requirements. There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

NORTH GIBSON SCHOOL CORPORATION
FEDERAL FINDING

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 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's 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 occur and to remain undetected. Noncompliance with the grant agreement and the suspension and debarment requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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



NORTH GIBSON SCHOOL CORPORATION

Office of the Superintendent

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CORRECTIVE ACTION PLAN

FINDING 2018 – 001

Contact Person Responsible for Corrective Action: Jerica Davis
Contact Phone Number: 812-385-4851
Views of Responsible Officials: Agreement with Finding

Description of Corrective Action Plan:

North Gibson will enter into contracts with providers of services for special education. Prior to entering such contracts, North Gibson will obtain a signed Indiana Department of Education Suspension and Debarment Certificate to verify that contractors and/or successful bidders are not on the suspended and debarred list with the federal government.

Anticipated Completion Date:

The corrective action described above will be effective with contracts awarded in 2019 for the 2019/2020 school year.


(Signature)

Jerica Davis, Support Services Director

January 17, 2019

Superintendent
Dr. Brian Harmon

Assistant to the Superintendent
Dr. Eric Goggins

Support Services Director
Mrs. Jerica Davis

Deputy Treas./Adm. Asst.
Mrs. Nancy Leukhardt

Payroll/Transportation
Mrs. Tina Burton

Administrative Secretary
Tammy Ruple

NORTH GIBSON SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 31, 2019, with Jerica Davis, Treasurer; Dr. Brian Harmon, Superintendent of Schools; H. Mark Lunghuhn, School Board member; and Michael Ice, President of the School Board.