

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

ADAMS CENTRAL COMMUNITY SCHOOLS

ADAMS COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/22/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn M. Cook	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Lori M. Stiglitz (Vacant) Joel D. Mahaffey	07-01-16 to 11-14-17 11-15-17 to 06-03-18 06-04-18 to 06-30-19
President of the School Board	John D. Sipe Timothy R. Tobias Ben Liechty	01-01-16 to 12-31-16 01-01-17 to 12-31-18 01-01-19 to 12-31-19



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE ADAMS CENTRAL COMMUNITY SCHOOLS, ADAMS COUNTY, INDIANA

This report is supplemental to our audit report of the Adams Central Community Schools (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 and Audit Results and Comments 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 Finding, identified in the above referenced audit report, is included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Finding and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

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

February 11, 2019

ADAMS CENTRAL COMMUNITY SCHOOLS  
FEDERAL FINDING

***FINDING 2018-001***

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): 16-0015, 17-0015, 18-0015  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Special Tests and Provisions - Annual Report Card, High School  
Graduation Rate  
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 following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

*Activities Allowed or Unallowed and Allowable Costs/Cost Principles*

Testing was conducted on 40 payroll transactions which included payment of noncertified instructors and support staff. The School Corporation's control procedure was that the time records were to be signed by a supervisor to indicate a review and approval process. However, supporting time records for 9 out of 40 noncertified instructor and support staff payroll transactions tested were not signed by a supervisor.

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that reasons for mobility reporting were supported by appropriate documentation.

*Context*

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

ADAMS CENTRAL COMMUNITY SCHOOLS  
FEDERAL FINDING  
(Continued)

*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). . . ."

*Cause*

Management had not fully implemented a system of internal controls that would have ensured compliance with the compliance requirements identified above.

*Effect*

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

*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 identified above.

*Views of Responsible Officials*

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

# ADAMS CENTRAL COMMUNITY SCHOOLS

222 West Washington Street, Monroe, IN 46772 • Phone: 260-692-6193

## OFFICE OF THE SUPERINTENDENT

Joel D. Mahaffey



Dawn Cook  
Corporation Treasurer

Arnita Heyerly  
Director of Human Resources

Kelli Fuhrmann  
Secretary to Superintendent

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## CORRECTIVE ACTION PLAN

### ***FINDING 2018-001***

Contact Person Responsible for Corrective Action: Dawn Cook, Abby DeRoo, Principals  
Contact Phone Number: (260) 692-6193

Views of Responsible Official: We concur with the finding

#### Description of Corrective Action Plan:

School Administration/Management has already taken measures to address concerns and put in proper systems of internal control to prevent or detect and correct errors regarding compliance requirements for Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Annual Report Card, High School Graduation Rate.

#### Activities Allowed or Unallowed and Allowable Costs/Cost Principals

The current payroll processing procedures were changed to implement the building level principal or department director signature on the time cards or time station reports. This change was in place during part of the audit period.

#### Special Tests and Provisions – Annual Report Card, High School Graduation Rate

The newly implemented internal controls to ensure compliance will require the signatures of the student, legal guardian, principal, and guidance counselor on withdraw documents at the time a student exits/withdrawals from the school corporation. All signatures in question will be solicited at the time of an exit/withdraw interview with the specified stakeholders.

The newly implemented internal controls to ensure compliance will require the signatures of the student, legal guardian and principal on transfer tuition documents at the time a student requests to enroll in the school corporation. All signatures in question will be solicited at the time of a transfer tuition interview with the specified stakeholders.



**Inspiring and Empowering Students to Succeed**

A new withdrawal 'Student Withdrawal/Transfer Form' has been created and implemented that requires the signatures of the student, legal guardian, principal, and guidance counselor.

Anticipated Completion Date: Completed



Dawn Cook  
Corporation Treasurer

  
Date



**Inspiring and Empowering Students to Succeed**

ADAMS CENTRAL COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

***PREPAID SCHOOL MEAL ACCOUNTS RECONCILEMENTS***

The School Corporation has not reconciled the Komputrol School Lunch Clearing Fund 8220 to the Meal Time monthly operations summary reports. The Meal Time summary report balance as of June 30, 2018, was \$15,691. The balance in the School Lunch Clearing Fund for the same date was \$23,795.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

ADAMS CENTRAL COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 11, 2019, with Dawn M. Cook, Treasurer; Joel D. Mahaffey, Superintendent of Schools; Ben Liechty, President of the School Board; Timothy R. Tobias, School Board member; and Heather Frank, School Board member.