

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF  
WARRICK COUNTY SCHOOL CORPORATION  
WARRICK COUNTY, INDIANA  
July 1, 2016 to June 30, 2018



**FILED**  
03/27/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Patricia L. Jones	07-01-16 to 04-30-19
Superintendent of Schools	Brad Schneider	07-01-16 to 06-30-19
President of the School Board	Gary Hachmeister Thomas Welch Tim Mosbey	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 WARRICK COUNTY SCHOOL  
CORPORATION, WARRICK COUNTY, INDIANA

This report is supplemental to our audit report of the Warrick County 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/](http://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

March 7, 2019

WARRICK COUNTY SCHOOL CORPORATION  
FEDERAL FINDING

***FINDING 2018-001***

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 17, FY 18

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 audit report. The prior audit finding number was 2016-002.

*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.

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 covered transaction during the 2016-2017 fiscal year.

*Context*

The lack of effective controls and noncompliance were systemic issues during the 2016-2017 fiscal year.

*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). . . ."

WARRICK COUNTY SCHOOL CORPORATION  
FEDERAL FINDING  
(Continued)

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*

Management had not developed a system of internal control that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the grant agreement and the Procurement and Suspension and Debarment 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 an effective internal control system 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.



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**FOOD AND NUTRITION DEPARTMENT**

**300 E. Gum Street / Boonville, Indiana 47601 / 812-897-1341**

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**CORRECTIVE ACTION PLAN**

**FINDING 2018-001**

**Contact Person Responsible for Corrective Action:** Shenae M. Rowe, Food & Nutrition Director  
**Contact Phone Number:** 812-897-1341

*We concur with the findings.*

**Description of Corrective Action Plan:**

*As stated in Corrective Action Plan for the FY2015, FY2016 Findings, The Food & Nutrition Department put in place the corrective action plan beginning July 2017. As of July 2017, the new Procurement Plan approved by the Indiana Department of Education is being followed. Within this procurement plan, the WCSC Food & Nutrition Department requires a certification regarding debarment, suspension, ineligibility, and voluntary exclusion be submitted to the School Food Authority for any purchases over \$25,000.*

*Contracts for the 2016-2017 school year were already completed prior to the audit finding and the corrective action plan being submitted and approved. All contracts awarded after July 2017 have a signed Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion Clause.*

**Anticipated Completion Date:** Completed July 1, 2017

*Shenae M Rowe*  
\_\_\_\_\_  
(Signature)

*Food & Nutrition Director*  
\_\_\_\_\_  
(Title)

*3/4/19*  
\_\_\_\_\_  
(Date)

WARRICK COUNTY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2019, with Patricia L. Jones, Treasurer; Brad Schneider, Superintendent of Schools; Todd A. Armstrong, Assistant Superintendent of Schools; and Tim Mosbey, President of the School Board.