

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VINCENNES COMMUNITY SCHOOL CORPORATION

KNOX 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	Debbie Groves	07-01-16 to 06-30-19
Superintendent of Schools	Gregory Parsley	07-01-16 to 06-30-19
President of the School Board	Karla Smith Barbara L. Toole Lynne Bobe Aaron M. Bauer	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 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 VINCENNES COMMUNITY SCHOOL
CORPORATION, KNOX COUNTY, INDIANA

This report is supplemental to our audit report of the Vincennes Community 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 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

February 28, 2019

VINCENNES COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2018-001

Subject: Title I Grants to Local Educational Agencies - Eligibility
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): S010A150014, S010A160014,
S010A170014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
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 Eligibility compliance requirement. There were no controls in place to verify that the real-time socioeconomic status data was reconciled with the data from the NutriKids software program to ensure that poverty figures reported to the Indiana Department of Education were accurate.

The School Corporation could not provide documentation to support the poverty status on the Title I application for 5 of the 53 students tested.

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). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and Eligibility compliance requirement.

VINCENNES COMMUNITY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Eligibility compliance requirement. Noncompliance with the grant agreement and the Eligibility 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 a system of internal controls to ensure compliance with the grant agreement and the Eligibility 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 2018-002

Subject: Title I Grants to Local Educational Agencies - Procurement

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): S010A150014, S10A160014,
S010A170014

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 requirements.

The School Corporation obtained the required number of quotes for purchases between \$50,000 and \$150,000, which falls under small purchases and the federal guidelines; however, the School Corporation failed to obtain the necessary contracts with the vendors as required by Indiana Code.

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:

VINCENNES COMMUNITY 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). . . ."

2 CFR 200.318(a) states: "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."

Indiana Code 5-22-7-1 states: "A purchasing agent shall follow the procedure described in this chapter in awarding a contract for supplies, unless another purchasing method is required or authorized by this article."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and procurement requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the procurement requirements. Noncompliance with the grant agreement and the procurement 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 with the grant agreement and the procurement requirements.

Views of Responsible Officials

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

FINDING 2018-003

Subject: Special Education Cluster (IDEA) - Reporting

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 Year (or Other Identifying Numbers): 14215-034-PN01, 14216-032-PN01,
14217-032-PN01, 45715-034-PN01,
45716-032-PN01, 45717-032-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

VINCENNES COMMUNITY 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 Reporting compliance requirement.

The School Corporation had not designed or implemented an effective internal control system to ensure compliance with the Reporting requirement. There were no controls in place to verify that the real-time data was reconciled with the Count of Children with Disabilities Receiving Special Education Services report to ensure figures reported to the Indiana Department of Education were accurate. The documentation provided by the School Corporation for the December 2017 Count of Children with Disabilities Receiving Special Education Services did not support the figures reported.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The non-compliance was isolated to fiscal year 2018.

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). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

. . .

- (2) 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 grant agreement and the Reporting compliance requirement.

Effect

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

VINCENNES COMMUNITY 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.

Views of Responsible Officials

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

BOARD OF EDUCATION

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2018-001

Contact Person Responsible for Corrective Action: David M. Hill

Contact Phone Number: 812-882-2326

Views of Responsible Official: We concur with the finding.

Description of the Corrective Action Plan:

During the final week, of every month, the corporation secretary responsible for monitoring the “NutriKids System” will print a monthly Free and Reduced Eligibility Summary Report. Along with the Title I Directors administrative assistant, the two will complete the check between NutriKids and PowerSchool to ensure that both systems show the correct lunch status. This report will then be presented to the Title I Director who will sign off on the report.

Anticipated Completion Date: 2/28/2019

FINDING 2018-002

Contact Person Responsible for Corrective Action: David M. Hill

Contact Phone Number: 812-882-2326

Views of Responsible Official: We concur with the finding.

Description of the Corrective Action Plan:

Administrative Assistant to the Title I Director, with assistance from our building principals, will continue to collect up to three bids for the purchase of supplies, materials, and equipment. The VCSC will enter into a contractual agreement with any company that the VCSC will purchase items in excess of \$150,000.00, to reflect the current state procurement policies.

Anticipated Completion Date: July 2019

FINDING 2018-003

Contact Person Responsible for Corrective Action: David M. Hill

Contact Phone Number: 812-882-2326


Views of Responsible Official: We concur with the finding.

Description of the Corrective Action Plan:

When submitting the SE report on the December 1st count date the Director for State Reporting will perform the following tasks

1. Confirm the number of students submitted with the building principals.
2. Confirm with the Director of Special Education or her Administrative Assistant the numbers for the corporation.
3. All principals and the Director will sign off in agreement. Hard copies of the summary report, along with signatures collected from the parties involved, will be kept on file.
4. The Director for State Reporting along with the Treasurer will sign off on the SE summary report verifying that the summary report confirms the number of students submitted for the December 1 count day.

Anticipated Completion Date: December 2019



Debbie Groves

VCSC Treasurer

2/7/19



David M. Hill

Director of Title I/State Reporting

2/7/19

VINCENNES COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 28, 2019, with Debbie Groves, Treasurer; Gregory Parsley, Superintendent of Schools; and Aaron M. Bauer, President of the School Board.