

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

VIGO COUNTY SCHOOL CORPORATION

VIGO COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/30/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Donna Wilson Bruce Perry	07-01-16 to 07-23-17 07-24-17 to 06-30-19
Superintendent of Schools	Daniel Tanoos Dr. Robert A. Haworth	07-01-16 to 06-30-18 07-01-18 to 06-30-19
President of the School Board	Paul Lockhart Tammy Pearson Jackie Lower	07-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Vigo 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 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/.

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments 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 Results and Comments contained herein describe the identified reportable instances 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 Findings and Official Response to the Audit Results and Comments, incorporated within this report, were not verified for accuracy.

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

March 28, 2019

VIGO COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to cash and investments. The bookkeeper was primarily responsible for performing the monthly bank reconciliations. There was no documented oversight, review, or approval process to prevent, or detect and correct, errors for fiscal year 2017-2018.

Context

The lack of controls was a systemic issue during fiscal year 2017-2018.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management of the School Corporation had not established a proper system of internal controls over cash and investments.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

VIGO COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

Recommendation

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting.

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: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY16-17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
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 Allowable Costs/Cost Principles compliance requirement.

The delinquent account collection policy of the food service authority was to submit delinquent student food service accounts over \$20 to an attorney for collection at the end of the school year. Delinquent accounts under \$20 or amounts uncollected by the attorney by the beginning of the subsequent school year were written off. The cafeteria managers of the individual schools were directed to reduce the negative student food service accounts to zero by posting an edit to the individual accounts. The software system was unable to produce a report detailing the accounts written off by these edit transactions, but the total amount written off was \$43,745. The write-off of the account balances for fiscal year 2015-2016 was recorded at the beginning of fiscal year 2016-2017. The write-off of these account balances was an unallowable cost of the food service program.

Context

The lack of internal controls and noncompliance were systemic issues throughout fiscal year 2016-2017.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

VIGO 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). . . ."

2 CFR 200.426 states:

"Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable."

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 an effective internal control system enabled noncompliance to go undetected. Noncompliance with the Allowable Costs/Cost Principles compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Questioned costs of \$43,745 were 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.

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: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast, 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): FY16-17, FY17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

VIGO 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 requirements related to the grant agreement and the Reporting compliance requirement.

The Food Service Financial Manager was solely responsible for preparing and submitting the Verification Summary Report for fiscal year 2016-2017 and Annual Financial Report for fiscal years 2016-2017 and 2017-2018. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the information submitted was complete and accurate.

Context

The lack of controls was a systemic issue 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). . . ."

Cause

The School Corporation's management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to 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.

VIGO COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

FINDING 2018-004

Subject: Child Nutrition Cluster - Procurement and 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): FY16-17, FY17-18
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 of findings from the immediately prior audit. The prior audit finding numbers were 2016-001 and 2016-006.

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.

The School Corporation had not established effective controls to ensure that their purchasing method used complied with 2 CFR 200.320. The School Corporation's purchasing policy did not address the methods of procurement required by 2 CFR 200.320. The policy did not include the procedures for each method of procurement (micro purchase, small purchase, or sealed bid) and the thresholds for each method as follows:

<u>Procurement Method</u>	<u>Dollar Amount</u>
Micro Purchase	< \$3,500
Small Purchase	\$3,500 - 150,000
Exceeds Simplified Acquisition	> \$150,000

The School Corporation advertised for bids for the purchase of cafeteria food and miscellaneous items for the school food service program for each school year. The School Board accepted the bids during public meetings; however, no contracts were signed with the successful vendor.

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:

VIGO 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). . . ."

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement. . . ."

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply. . . ."

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."

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go 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.

VIGO COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

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 requirement.

Views of Responsible Officials

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

FINDING 2018-005

Subject: Child Nutrition Cluster - Program Income

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 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of findings from the immediately prior audit. The prior audit finding numbers were 2016-001 and 2016-005.

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 Program Income compliance requirement.

The Food Service Financial Manager obtained the daily sales activity reports from each Cafeteria Manager of the 28 individual schools. These reports were used to prepare a combined daily sales activity report for all schools. The combined report was used to transfer money for meals served from the prepaid account to the school lunch account. There was no audit evidence that an oversight, review, or approval process was in place to ensure the accuracy of the information.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

VIGO 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

The School Corporation's management had not developed a system of internal controls to ensure compliance with the Program Income 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 Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and Program Income compliance requirement.

Views of Responsible Officials

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

FINDING 2018-006

Subject: Special Education Cluster (IDEA) - Procurement and 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): 14215-008-PN01, 14216-006-PN01,
14217-006-PN01, 18611-006-PN01,
45715-008-PN01, 45716-006-PN01,
45717-006-PN01, 45718-008-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

VIGO 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 requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation was a member of the Covered Bridge Special Education District (Cooperative). The Cooperative operated the special education program on behalf of the School Corporation and managed the special education funds. Because the grant agreements were between the Indiana Department of Education and each member school corporation of the Cooperative, the School Corporation was ultimately responsible for ensuring compliance with the requirement.

Procurement

The Cooperative did not have internal controls in place to ensure the purchasing method used complied with the small purchases procurement method as described in the grant requirements. Additionally, the Cooperative did not have internal controls in place to ensure documentation of the history of their procurements, including the rationale for method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.

The Cooperative did not present evidence that an adequate number of quotes were obtained for small purchases with estimated costs above \$3,500.

The Cooperative did not retain documentation supporting the rationale to limit competition.

Suspension and Debarment

The Cooperative did not have internal controls in place to ensure that the School Corporation verified that vendors were not suspended or debarred for fiscal year 2017-2018.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period for procurement. The lack of controls for suspension and debarment was a systemic issue for fiscal year 2017-2018.

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). . . ."

VIGO COUNTY SCHOOL CORPORATION
FEDERAL FINDINGS
(Continued)

2 CFR 200.318 states in part:

"The non-Federal entity must: . . .

- (i) Maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . .

- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

Cause

The School Corporation had not developed a system of internal controls 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 go undetected. Noncompliance with the grant agreement or 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 controls 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.



Vigo County School Corporation

686 Wabash Avenue P.O. Box 3703 Terre Haute, IN 47803-0703
(812) 462-4011

CORRECTIVE ACTION PLAN

FINDING 2018-001

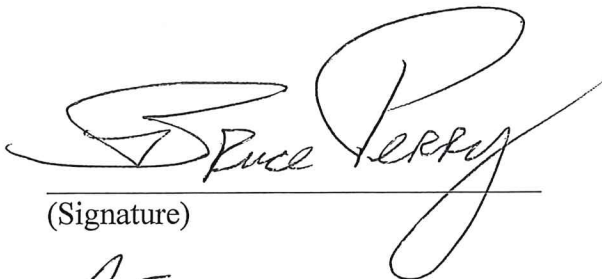
Contact Person Responsible for Corrective Action: Bruce Perry, Chief Financial Officer

Contact Phone Number: 812-462-4314

Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan: On a monthly basis, the school corporation bookkeeper will prepare and initial all bank reconcilements as soon as practicable after the periodic closing of each month's financial reporting. The bookkeeper will then present each bank reconciliation to the Chief Financial Officer (CFO) for additional review. Upon completion of the review, the CFO will initial each bank reconciliation and return the statements and records to the bookkeeper to support the internal control process.

Anticipated Completion Date: At the beginning of the 2018-19 School Year (commencing with a retroactive review of July 2018 to December 2018 bank reconcilements).



(Signature)

CFO

(Title)

3/26/19

(Date)



Vigo County School Corporation

686 Wabash Avenue P.O. Box 3703 Terre Haute, IN 47803-0703
(812) 462-4011

CORRECTIVE ACTION PLAN

FINDING 2018-002

Contact Person Responsible for Corrective Action: Thomas Lentes Food Service Coordinator
Contact Phone Number: 812-462-4245

Views of Responsible Official:
We concur with the findings

Description of Corrective Action Plan:

The School Corporation will establish a committee consisting of the Food Service Coordinator, the Food Service Financial Manager, Director of Facility Support and Transportation, Chief Financial Officer, and Deputy Treasurer. This committee will develop an effective internal control system in order to ensure compliance with the requirements related to the grant agreement and the allowable cost/cost principles compliance requirement. Focusing on delinquent account collection, bad debt policy for Food Services and rollover procedures concerning positive and negative student lunch accounts. Due to the elimination of the negative accounts in August 2016, Vigo County School Corporation will place \$43744.51 into the Food Service account to cover this unallowable cost.

Anticipated Completion Date: To be in place for the beginning of the 2019-20 school year


(Signature)


(Title)





Vigo County School Corporation

686 Wabash Avenue P.O. Box 3703 Terre Haute, IN 47803-0703
(812) 462-4011

CORRECTIVE ACTION PLAN

FINDING 2018-003

Contact Person Responsible for Corrective Action: Thomas Lentes Food Service Coordinator
Contact Phone Number: 812-462-4245

Views of Responsible Official:
We concur with this finding.


Description of Corrective Action Plan:

The Food Service Coordinator will develop a procedure for reporting with two signatures to ensure compliance in this requirement. The Food Service Coordinator will verify that the Food Service Financial Manager compiles the reports and the Food Service Coordinator will review and initial the reports. The reports including but not limited to verification summary, annual report, and daily sales reports.

Anticipated Completion Date: Immediately



(Signature)



(Title)



(Date)



Vigo County School Corporation

(Date)

686 Wabash Avenue P.O. Box 3703 Terre Haute, IN 47803-0703
(812) 462-4011

CORRECTIVE ACTION PLAN

FINDING 2018-004

Contact Person Responsible for Corrective Action: Thomas Lentes Food Service Coordinator
Contact Phone Number: 812-462-4245

Views of Responsible Official:
We concur with this finding.

Description of Corrective Action Plan:


The Food Service Coordinator will have a contract signed with each successful vendor during the bid process. The Food Service Coordinator will also have a signed statement from each vendor ensuring that they have not been suspended or debarred to meet the Procurement and Suspension and Debarment compliance requirement.

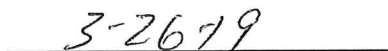
The Food Service Coordinator will develop procedures for each method of procurement, micro purchases, small purchases, or sealed bid, and the thresholds for each method as follows

Procurement Method	Dollar amount
Micro	<\$3500.00
Small Purchases	\$3500 -\$150,000
Exceeds Simplified Acquisition	>\$150,000

Anticipated Completion Date: Immediately


(Signature)


(Title)


(Date)



Vigo County School Corporation

686 Wabash Avenue P.O. Box 3703 Terre Haute, IN 47803-0703
(812) 462-4011

CORRECTIVE ACTION PLAN

FINDING 2018-005

Contact Person Responsible for Corrective Action: Thomas Lentes Food Service Coordinator
Contact Phone Number: 812-462-4245

Views of Responsible Official:
We concur with this finding.

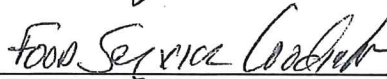
Description of Corrective Action Plan:

With our new POS software Mosaic (Heartland) installed in August 2018 the Financial Manager receives electronically from each of the schools their daily sales and meals report and does not have to transfer money for meals served into a prepaid account. All money received is deposited into a prepaid account and then transferred into sales accounts as meals and items have been purchased. These daily reports are also checked by at least one other Food Service Office Staff and the monthly sales are reviewed by Food Service Coordinator. The Corporation statements and Food Service Statements are reconciled monthly.


Anticipated Completion Date: Immediately



(Signature)



(Title)



(Date)



Vigo County School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2018-006

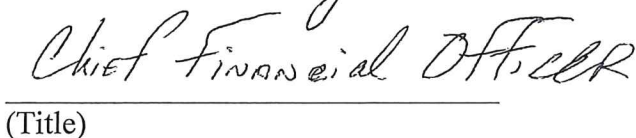
Contact Person Responsible for Corrective Action: Bruce Perry, Chief Financial Officer
Contact Phone Number: 812-462-4314

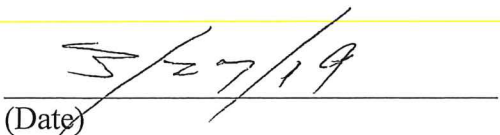
Views of Responsible Official : We concur with the finding.

Description of Corrective Action Plan: Through the participation and oversight of the school corporation with regards to the Covered Bridge Special Education District, it will be ensured that purchasing guidelines for amounts over \$3,500 are followed. Regarding purchases of routine equipment, the school corporation may assist Covered Bridge Special Education District in researching and obtaining quotes for purchases. The school corporation in many instances operates with a standardized equipment list with a dedicated account representative at a vendor that also guarantees the lowest offered price is realized. Compliance will include, but not be limited to ongoing training and education of internal staff whom may assist Covered Bridge Special Education District with purchasing requirements such as information technology, facilities, and other more general business/operational needs.

Anticipated Completion Date: Effective with the start of the 2018-19 school year.


(Signature)


(Title)


(Date)

VIGO COUNTY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PREPAID SCHOOL MEAL ACCOUNTS

The School Corporation used clearing account fund 840 to account for Prepaid Food transactions. Receipts for the Prepaid Food accounts were receipted into a revenue line item 8410 on the School Corporation's ledger. Prepaid Food disbursements were posted as a negative receipt to a separate revenue line item 8420. These transactions netted against each other and as such did not properly reflect the receipts and disbursements for Prepaid Food.

Our opinion is that money a student puts into their individual meal account should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account number 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At his point it is considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis the balance of the 8400 fund should be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, September 2015)

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B41917, B45209, and B48616.

The following funds had overdrawn cash balances as of June 30, 2017.

Fund	Amount Overdrawn 06-30-17
School Bus Replacement	\$ 428,235
Prepaid Food	57,672
Joint Service and Supply	258,713

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

VIGO COUNTY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 28, 2019, with Dr. Robert A. Haworth, Superintendent of Schools; Jackie Lower, President of the School Board; Bruce Perry, Treasurer; Donna Wilson, former Treasurer; and Thomas Lentz, Food Service Director.