

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION

PERRY COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED

03/10/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debra A. Elder	07-01-17 to 06-30-20
Superintendent of Schools	John A. Scioldo	07-01-17 to 06-30-20
President of the School Board	Sherri K. Flynn Gregg Jarboe	01-01-17 to 12-31-18 01-01-19 to 12-31-20



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE TELL CITY-TROY TOWNSHIP
SCHOOL CORPORATION, PERRY COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Tell City-Troy Township School Corporation (School Corporation), for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated December 12, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 12, 2019, except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is February 4, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE TELL CITY-TROY TOWNSHIP
SCHOOL CORPORATION, PERRY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Tell City-Troy Township School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2017 to June 30, 2019. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2019-001 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with the requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2017 to June 30, 2019.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2017 to June 30, 2019.

Other Matters

The School Corporation's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

The School Corporation's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the School Corporation, as of and for the period of July 1, 2017 to June 30, 2019, and the related notes to the financial statement. We issued our report thereon dated December 12, 2019, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

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

February 4, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2017/18	\$ -	\$ 92,939	\$ -	\$ -
School Breakfast Program			FY 2018/19	-	-	-	83,006
Total - School Breakfast Program				-	92,939	-	83,006
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 2017/18	-	356,489	-	-
School Lunch Program			FY 2018/19	-	-	-	359,067
School Lunch Commodities			FY 2017/18	-	65,007	-	-
School Lunch Commodities			FY 2018/19	-	-	-	73,817
Total - National School Lunch Program				-	421,496	-	432,884
Summer Food Service Program for Children							
Summer Lunch Program	Indiana Department of Education	10.559					
Summer Lunch Program			FY 2017/18	-	11,708	-	-
Summer Lunch Program			FY 2018/19	-	-	-	10,481
Total - Summer Food Service Program for Children				-	11,708	-	10,481
Total - Child Nutrition Cluster				-	526,143	-	526,371
Total - Department of Agriculture				-	526,143	-	526,371
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2016 Part B IDEA 611			14216-009-PN01	-	8,207	-	-
FY 2017 Part B IDEA 611			14217-009-PN01	-	196,323	-	2,719
FY 2018 Part B IDEA			18611-009-PN01	-	145,402	-	181,794
FY 2019 Part B IDEA			19611-009-PN01	-	-	-	142,381
Total - Special Education Grants to States				-	349,932	-	326,894
Special Education Preschool Grants							
FY 2018 Part B 619 Preschool	Indiana Department of Education	84.173					
FY 2019 Part B 619 Preschool			18619-009-PN01	-	3,865	-	12,264
FY 2017 Part B 619 Preschool			19619-009-PN01	-	-	-	9,275
			45717-009-PN01	-	12,788	-	94
Total - Special Education Preschool Grants				-	16,653	-	21,633
Total - Special Education Cluster (IDEA)				-	366,585	-	348,527
Title I Grants to Local Educational Agencies							
Title I 2016-2017	Indiana Department of Education	84.010					
Title I 2017-2018			Project #17-6350	-	107,990	-	-
Title I 2018-2019			Project #18-6350	-	192,148	-	115,538
			Project #19-6350	-	-	-	186,299
Total - Title I Grants to Local Educational Agencies				-	300,138	-	301,837

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2018 and 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18	Passed Through to Subrecipient 06-30-19	Total Federal Awards Expended 06-30-19
Education for Homeless Children and Youth McKinney-Vento 2017-2018 McKinney-Vento 2018-2019	Indiana Department of Education	84.196	Project #7000S196A160015 Project #7000S196A170015	- -	12,000 -	- -	- 10,000
Total - Education for Homeless Children and Youth				-	12,000	-	10,000
Twenty-First Century Community Learning Centers 21st Century Community Learning Centers Program 2016/17 Year 3 21st Century Community Learning Centers Program 2017/18 Year 4 21st Century Community Learning Centers Program 2017/18 Cohort 7 Year 4 21st Century Community Learning Centers Program 2018/19 Cohort 9 Year 1	Indiana Department of Education	84.287	A58-7-17DL-0068 A58-7-17DL-0068 A58-7-17DL-0068 A58-9--19DL-0032	- - - -	136,116 86,371 - -	- - - -	- - 32,394 263,784
Total - Twenty-First Century Community Learning Centers				-	222,487	-	296,178
Rural Education FY 16 Rural and Low-Income Title VI Subpart B FY 17 Rural and Low Income Title VI Subpart B	Indiana Department of Education	84.358	S358B0160014 S358B170014	- -	29,177 -	- -	4,838 14,539
Total - Rural Education				-	29,177	-	19,377
Supporting Effective Instruction State Grants Title II Part A 2015-2017 Title II Part A 2016-2018 Title II Part A 2017-2019	Indiana Department of Education	84.367	S367A150015 S367A160013 S367A170013	- - -	17,845 43,803 -	- - -	- 11,268 43,459
Total - Supporting Effective Instruction State Grants				-	61,648	-	54,727
Student Support and Academic Enrichment Program FY18 Title IV Part A	Indiana Department of Education	84.424	S424A180015	-	-	-	8,591
Total - Department of Education				-	992,035	-	1,039,237
Department of Health and Human Services							
Medicaid Cluster Medical Assistance Program Medicaid Reimbursement - MAC Medicaid Reimbursement - MAC	Indiana Department of Education	93.778	FY 2018/19 FY2017	- -	- 12,079	- -	21,883 -
Total - Medical Assistance Program				-	12,079	-	21,883
Total - Medicaid Cluster				-	12,079	-	21,883
Total - Department of Health and Human Services				-	12,079	-	21,883
Total federal awards expended				\$ -	\$ 1,530,257	\$ -	\$ 1,587,491

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2018 and 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of the Exceptional Children's Cooperative (Cooperative), which operates the Special Education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster Special Education Cluster (IDEA)	Qualified Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2019-001

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): FY 2017/18, FY 2018/19
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Procurement and Suspension and Debarment
 Audit Findings: Material Weakness, Modified Opinion

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-004.

Condition and Context

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 purchased food and supply items from one vendor with total purchases that exceeded the simplified acquisition threshold of \$150,000 during fiscal year 2017-2018 and 2018-2019 without soliciting bids and awarding contracts.

The School Corporation did not verify that the vendors were not suspended or debarred or otherwise excluded from or ineligible for participation in federal assistance programs prior to conducting business with them.

The internal controls and compliance issues for the simplified acquisitions and suspension and debarment were systemic throughout the audit period. Approximately 53 percent of the total grant fund disbursements were Uniform Guidance vendor procurements. The noncompliance for simplified acquisition purchases were 58 percent of the procurement expenditures. The noncompliance for suspension and debarment were two of the seven vendors during the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

TELL CITY-TROY TOWNSHIP SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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 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 that the School Corporation complied with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance 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 establish controls to ensure compliance and comply with 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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AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

Tell City-Troy Township School Corporation

John Anthony Scioldo II
Superintendent
john.scioldo@tellcity.k12.in.us

"Home of the Marksmen"

Administrative Office
837 17th Street
Tell City, IN 47586
Phone: (812) 547-3300
Fax: (812) 547-9704

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS


FINDING 2017-001

Fiscal year in which the finding initially occurred: July 1, 2013 – June 30, 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: John A. Scioldo
Contact Phone Number: 812-547-3300

Status of Audit Finding:

Subject: Special Education Grants to States – Procurement and Suspension and Debarment

The superintendents in the schools who are members of the Exceptional Children's Cooperative (i.e. co-op board members) have requested the co-op furnish the vendor verifications during the annual co-op budget process. The vendor verification list was provided during the most recent budget process.



(Signature)

Superintendent
Superintendent
(Title)

December 13, 2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Tell City-Troy Township School Corporation

John Anthony Scioldo II
Superintendent
john.scioldo@tellcity.k12.in.us

"Home of the Marksmen"

Administrative Office
837 17th Street
Tell City, IN 47586
Phone: (812) 547-3300
Fax: (812) 547-9704

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-002

Fiscal year in which the finding initially occurred: July 1, 2015 – June 30, 2016

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: John A. Scioldo and Kathy VanHoosier

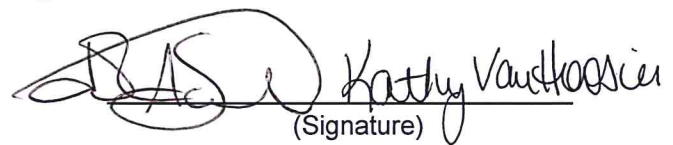
Contact Phone Number: 812-547-3300

Status of Audit Finding:

Subject: School Breakfast Program and National School Lunch Program –
Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)

This finding occurred originally occurred when the former ECA Manager was on staff. The current ECA Manager is aware that at the end of each school year, all free and reduced web applications must be printed and stored for auditing purposes.

In addition, the corporation's office assistant has been assigned responsibility for reviewing the verified free and reduced applications as directed by the ECA Manager.


(Signature)

Superintendent / ECA Manager

(Title)

December 13, 2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Tell City-Troy Township School Corporation

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Superintendent
john.scioldo@tellcity.k12.in.us

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837 17th Street
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-003

Fiscal year in which the finding initially occurred: July 1, 2013 – June 30, 2015

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: John A. Scioldo and Kathy VanHoosier

Contact Phone Number: 812-547-3300

Status of Audit Finding:

Subject: School Breakfast Program and National School Lunch Program – Eligibility

This finding was a three-fold repeat finding that had originally occurred when the former ECA Manager was on staff. 1) The current ECA Manager is aware that hard copy of the Free or Reduced Price School Meals applications must be retained and stored for auditing purposes for eligibility testing. at the end of each school year. 2) To allow for segregation of duties, the corporation's office assistant has been assigned responsibility of reviewing the verified free and reduced applications as directed by the ECA Manager. 3) The ECA Manager is maintaining documentation showing that the public announcement of all criteria has been done.


(Signature)

Superintendent / ECA Manager

(Title)

December 13, 2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

Tell City-Troy Township School Corporation

John Anthony Scioldo II
Superintendent
john.scioldo@tellcity.k12.in.us

"Home of the Marksmen"

Administrative Office
837 17th Street
Tell City, IN 47586
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-004

Fiscal year in which the finding initially occurred: July 1, 2013 – June 30, 2015

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: John A. Scioldo and Kathy VanHoosier

Contact Phone Number: 812-547-3300

Status of Audit Finding:

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

This finding originally occurred when the former ECA Manager was on staff. The current ECA Manager, along with the superintendent, are aware of the requirement to check on vendor suspension and/or debarment for bread and dairy vendors to whom bids are awarded annually. Secondly, in regard to food and food supply purchases, the school is located in a fairly rural and remote area of the state, and there are limited food/food supply vendors located nearby. However, the school seeks bids on purchases that are expected to exceed \$3,500. The superintendent has sought direction from the Indiana DOE on the exact purchasing parameters, and the school is working in conjunction with the near procurement cooperative, IAESC, so that sufficient bid solicitation and pricing is achieved.


(Signature)

Superintendent / ECA Manager

(Title)

December 13, 2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-005

Fiscal year in which the finding initially occurred: July 1, 2013 – June 30, 2015

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: John A. Scioldo and Kathy VanHoosier

Contact Phone Number: 812-547-3300

Status of Audit Finding:

Subject: Child Nutrition Cluster - Reporting

This finding originally occurred when the former ECA Manager was on staff. The current ECA Manager now has other staff persons review reimbursement claims and other necessary reports, such as the Annual Financial Report and Verification Collection Reports, to eliminate the ECA Manager having sole responsibility and thereby allowing for segregation of these duties.


(Signature)

Superintendent / ECA Manager

(Title)

December 13, 2019

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: John A. Scioldo, Debra Elder, and Kathy VanHoosier
Contact Phone Number: 812-547-3300

Views of Responsible Official: We understand that this is a repeat finding from the prior audit report. However, there was a transition in the staffing of the ECA Manager early in the audit period. Since that time, the current ECA Manager has monitored food supply purchasing to ensure purchases from a single vendor do not exceed the \$150,000 threshold.

Description of Corrective Action Plan: This plan was previously outlined in the Summary Schedule of Prior Audit Findings, from Finding 2017-004, and is reiterated as follows:

This finding originally occurred when the former ECA Manager was on staff. The current ECA Manager, along with the superintendent, are aware of the requirement to check on vendor suspension and/or debarment for bread and dairy vendors to whom bids are awarded annually. Secondly, in regard to food and food supply purchases, the school is located in a fairly rural and remote area of the state, and there are limited food/food supply vendors located nearby. However, the school seeks bids on purchases that are expected to exceed \$3,500. The superintendent has sought direction from the Indiana DOE on the exact purchasing parameters, and the school is working in conjunction with the near procurement cooperative, IAESC, so that sufficient bid solicitation and pricing is achieved.

Anticipated Completion Date: Completed, with ongoing monitoring of purchases

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.