

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

FAYETTE COUNTY SCHOOL CORPORATION

FAYETTE COUNTY, INDIANA

July 1, 2017 to June 30, 2019



FILED
03/18/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
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 <i>Government Auditing Standards</i>	3-4
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	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards	12
Schedule of Findings and Questioned Costs	13-15
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	18-19
Corrective Action Plan	20
Other Reports	21

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Director of Finance/Treasurer	Jane Kellam-Tollett	07-01-17 to 06-30-20
Superintendent of Schools	Scott Collins	07-01-17 to 06-30-20
President of the School Board	Leslie Jacobs	01-01-17 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 FAYETTE COUNTY SCHOOL
CORPORATION, FAYETTE 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 Fayette County 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 January 28, 2020, 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

January 28, 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 FAYETTE COUNTY SCHOOL CORPORATION, FAYETTE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Fayette County School Corporation's 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.

Opinion on Each 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 each of its major federal programs for the period of July 1, 2017 to June 30, 2019.

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)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings 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.

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.

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)

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 January 28, 2020, 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, CPA
State Examiner

January 28, 2020

(This page intentionally left blank.)

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.

FAYETTE COUNTY 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
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast			FY 17-18	\$ -	\$ 508,232	\$ -	\$ -
School Breakfast			FY 18-19	-	-	-	481,485
Total - School Breakfast Program				-	508,232	-	481,485
National School Lunch Program							
School Lunch	Indiana Department of Education	10.555					
School Lunch			FY 17-18	-	981,578	-	-
Commodities			FY 18-19	-	-	-	959,921
			FY 17-18, FY 18-19	-	142,927	-	163,875
Total - National School Lunch Program				-	1,124,505	-	1,123,796
Summer Food Service Program for Children							
Summer Program	Indiana Department of Education	10.559					
Summer Program			FY 17-18	-	64,353	-	-
			FY 18-19	-	-	-	55,543
Total - Summer Food Service Program for Children				-	64,353	-	55,543
Total - Child Nutrition Cluster				-	1,697,090	-	1,660,824
Child Nutrition Discretionary Grants Limited Availability							
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579					
			FY 18-19	-	-	-	10,500
Child and Adult Care Food Program							
Child and Adult Care	Indiana Department of Education	10.558					
Child and Adult Care			FY 17-18	-	144,486	-	-
			FY 18-19	-	-	-	161,310
Total - Child and Adult Care Food Program				-	144,486	-	161,310
Total - Department of Agriculture				-	1,841,576	-	1,832,634
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States							
2016-2017 Special Education Grant	Indiana Department of Education	84.027					
2017-2018 Part B			14217-065-PN01	-	254,362	-	-
2018-2019 Part B			18611-065-PN01	-	828,538	-	219,074
			19611-065-PN01	-	-	-	908,191
Total - Special Education Grants to States				-	1,082,900	-	1,127,265
Special Education Preschool Grants							
2017-2018 Preschool Grant	Indiana Department of Education	84.173					
2018-2019 Preschool Grant			18619-065-PN01	-	51,238	-	-
			19619-065-PN01	-	-	-	55,388
Total - Special Education Preschool Grants				-	51,238	-	55,388
Total - Special Education Cluster (IDEA)				-	1,134,138	-	1,182,653

FAYETTE COUNTY 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
Adult Education - Basic Grants to States		84.002					
2016-2017 Adult Education	New Castle Community School Corporation		FY 16-17	-	28,890	-	-
2017-2018 Adult Education	Indiana Department of Education		FY 17-18	-	73,183	-	17,956
2018-2019 Adult Education	Indiana Department of Education		FY 18-19	-	-	-	67,982
Total - Adult Education - Basic Grants to States				-	102,073	-	85,938
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2016-2017 Title I			16-2395	-	154,613	-	-
2017-2018 Title I			17-2395	-	490,302	-	163,465
2018-2019 Title I			18-2395	-	-	-	709,538
Total - Title I Grants to Local Educational Agencies				-	644,915	-	873,003
Career and Technical Education - Basic Grants to States	Indiana Department of Education	84.048					
2017-2018 Perkins Improvement Grant			18-4700-2395	-	11,112	-	87,067
2016-2017 Perkins Grant			16-4700-2395	-	24,854	-	-
2017-2018 Perkins Grant			17-4700-2395	-	147,031	-	19,634
2018-2019 Perkins Grant			19-4700-2395	-	-	-	136,731
Total - Career and Technical Education - Basic Grants to States				-	182,997	-	243,432
Rural Education	Indiana Department of Education	84.358					
2017-2018 Rural and Low Income Grant			17-2395	-	66,750	-	13,798
2018-2019 Rural and Low Income Grant			18-2395	-	-	-	47,783
Total - Rural Education				-	66,750	-	61,581
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2016-2017 Title II			16-2395	-	202,320	-	-
2015-2016 Title II			15-2395	-	12,069	-	-
2017-2019 Title II			17-2395	-	-	-	58,701
2018-2020 Title II			18-2395	-	-	-	59,622
Total - Supporting Effective Instruction State Grants				-	214,389	-	118,323
Total - Department of Education				-	2,345,262	-	2,564,930
Department of Health and Human Services							
Head Start	Direct Grant	93.600					
2016-2017 Head Start			05CH8315-01	-	120,254	-	-
2017-2018 Head Start			05CH8315-05	-	964,226	-	126,097
2018-2019 Head Start			05CH010560	-	-	-	895,639
Total - Head Start				-	1,084,480	-	1,021,736
Assistance Programs for Chronic Disease Prevention and Control	Indiana State Department of Health	93.945					
Assistance Programs for Chronic Disease Prevention and Control			EDS #A70-5-071082	-	2,700	-	1,500
Total - Department of Health and Human Services				-	1,087,180	-	1,023,236
Total federal awards expended				\$ -	\$ 5,274,018	\$ -	\$ 5,420,800

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

FAYETTE COUNTY 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.

FAYETTE COUNTY 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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
93.600	Child Nutrition Cluster	Unmodified
	Special Education Cluster (IDEA)	Unmodified
	Head Start	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: Head Start - Reporting
 Federal Agency: Department of Health and Human Services
 Federal Program: Head Start
 CFDA Number: 93.600
 Federal Award Numbers and Years (or Other Identifying Numbers): 05CH8315-01, 05CH8315-05, 05CH010560
 Compliance Requirement: Reporting
 Audit Findings: Material Weakness, Other Matters

FAYETTE COUNTY 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 2017-005.

Condition and Context

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement to ensure that the Federal Financial Reports (SF-425) were accurate prior to submission.

The SF-425 final reports filed by the School Corporation for the reporting periods ending September 30, 2017 and 2018, did not agree with the School Corporation's financial records. The total cash receipts, as well as the total cash disbursements, reported for both periods did not materially agree to the School Corporation's Head Start funds' activity.

The lack of controls and noncompliance were systemic issues occurring 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 200.302(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 of the School Corporation 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 internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

FAYETTE COUNTY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply 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.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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



Fayette County School Corporation

1401 Spartan Drive • Connersville, IN 47331
Phone (765) 825-2178 • Fax (765) 825-8060

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2017-001

Fiscal year in which the finding initially occurred: 2015, 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jane Kellam-Tollett
Contact Phone Number: 765-825-2178

Status of Audit Finding:

As indicated in the prior report, this finding was corrected immediately following the prior audit; however, due to the delinquency of the State Board of Accounts audit the finding was not corrected prior to June 30, 2017.

FINDING 2017-002

Fiscal year in which the finding initially occurred: 2015, 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jane Kellam-Tollett
Contact Phone Number: 765-825-2178

Status of Audit Finding:

As indicated in the prior report, this finding was corrected immediately following the prior audit; however, due to the delinquency of the State Board of Accounts audit the finding was not corrected prior to June 30, 2017.

FINDING 2017-003

Fiscal year in which the finding initially occurred: 2017
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education
Contact Person Responsible for Corrective Action: Jane Kellam-Tollett
Contact Phone Number: 765-825-2178

Status of Audit Finding:

The previous audit finding indicated the AFR did not agree with the corporation records. The spreadsheet including vendor and local food service payments had been used to prepare the annual financial report because this reflected the actual expenses of the food service program during the applicable fiscal year. As we are a vendor managed food service program, the food service expenses paid by the private vendor are not reimbursed until the month following actual activity. For the 2018-2019 AFR the fund activity of revenue and expenditures was used to prepare the AFR. This reconciles the beginning of year fiscal year cash balance plus revenue minus expenses to equal ending cash balance and thus is a self-balancing tool in preparing the AFR.

The Food Service Director and the Director of Finance will sign the AFR indicating it appears accurate to the best of their knowledge.

FINDING 2017-004

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett

Contact Phone Number: 765-825-2178

Status of Audit Finding:

Claims for reimbursement are prepared by Head Start personnel, generally the Director of Early Learning, signed and dated. Copies are sent to the Director of Finance who reviews and initials that claims are accurately prepared. The Deputy Treasurer monitors the reimbursement claims for proper depositing into the bank account and receipting into the financial records.

FINDING 2017-005

Fiscal year in which the finding initially occurred: 2017

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett

Contact Phone Number: 765-825-2178

Status of Audit Finding:

The SF-425 final reports filed by the school corporation will include cumulative data instead of the current quarter data in the top section of the form.

FINDING 2017-006

Fiscal year in which the finding initially occurred: 2017

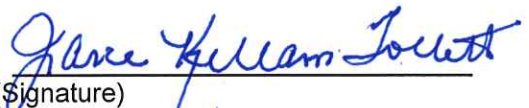
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Health and Human Services

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett

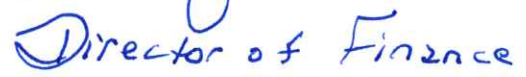
Contact Phone Number: 765-825-2178

Status of Audit Finding:

Beginning January 1, 2019 salaries for Head Start bus drivers are identified as a separate account in the general ledger within the transportation department accounts. Copies of the semi-annual billings prepared by the Director of Finance and submitted to head start for processing. Copies of the calculations are maintained in the "Federal Quarterly Reports notebooks" in the Director of Finance's office.



(Signature)



(Title)



(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).)



Fayette County School Corporation

1401 Spartan Drive • Connersville, IN 47331
Phone (765) 825-2178 • Fax (765) 825-8060

CORRECTIVE ACTION PLAN

FINDING 2019-001

Contact Person Responsible for Corrective Action: Jane Kellam-Tollett, Director of Finance
Kelly Pflum-McCullum, Director of Early Childhood
Contact Phone Number: 764-825-2178

Views of Responsible Official: Federal Financial Reports (SF-425) have been prepared the same way for a multitude of years. The Head Start Program experiences audit and desktop reviews outside of the audits performed by the State Board of Accounts, to which there has never been any concern expressed relative to the format submitted.

Description of Corrective Action Plan: The SF-425 Final reports filed by the school corporation will include cumulative data instead of the current quarter data in the top section of the form.

Anticipated Completion Date: Completed with the SF-425 submission in September 2019 for the 2018-2019 grant period.

We concur with this finding.

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/>.