

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

FEDERAL COMPLIANCE AUDIT REPORT  
OF  
JENNINGS COUNTY SCHOOL CORPORATION  
JENNINGS COUNTY, INDIANA  
July 1, 2017 to June 30, 2019



**FILED**  
03/19/2020



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SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>              | <u>Term</u>                                  |
|----------------------------------|------------------------------|--|
| Treasurer                        | Amber Fields                 | 07-01-17 to 06-30-20                         |
| Superintendent<br>of Schools     | Teresa A. Brown              | 07-07-17 to 06-30-22                         |
| President of the<br>School Board | Steve Elmore<br>Pat Sullivan | 01-01-17 to 12-31-18<br>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 JENNINGS COUNTY SCHOOL  
CORPORATION, JENNINGS 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 Jennings 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 February 26, 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, 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 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*.

***Jennings County School Corporation's Response to Findings***

The School Corporation's response to the 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 the financial statement, and, accordingly, we express no opinion on it.

***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

February 26, 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 JENNINGS COUNTY SCHOOL CORPORATION, JENNINGS COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Jennings County 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.

***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 2019-003. 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 items 2019-002 and 2019-003, that we consider to be material weaknesses.

The School Corporation's response to the internal control over compliance 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.

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 February 26, 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

February 26, 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.

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JENNINGS COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient<br>06-30-18 | Total<br>Federal Awards<br>Expended<br>06-30-18 | Passed Through<br>to Subrecipient<br>06-30-19 | Total<br>Federal Awards<br>Expended<br>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   | \$ -  | \$ 425,333                                      | \$ -  | \$ -  |
| School Breakfast  |                                     |                           | FY 18-19   | -   | -   | -   | 561,223   |
|   |                                     |                           |  | -   | -   | -   | -   |
| Total - School Breakfast Program                                    |                                     |                           |  | -   | 425,333   | -   | 561,223   |
| National School Lunch Program                                       |                                     |                           |  |   |   |   |   |
| School Lunch Commodities  | Indiana Department of Education     | 10.555                    |  |   |   |   |   |
| School Lunch  |                                     |                           | FY 17-18   | -   | 200,270   | -   | -   |
| School Lunch Commodities  |                                     |                           | FY 17-18   | -   | 1,202,555                                       | -   | -   |
| School Lunch  |                                     |                           | FY 18-19   | -   | -   | -   | 187,158   |
| School Lunch  |                                     |                           | FY 18-19   | -   | -   | -   | 1,210,921                                       |
|   |                                     |                           |  | -   | -   | -   | -   |
| Total - National School Lunch Program                               |                                     |                           |  | -   | 1,402,825                                       | -   | 1,398,079                                       |
| Total - Child Nutrition Cluster                                     |                                     |                           |  | -   | 1,828,158                                       | -   | 1,959,302                                       |
| Total - Department of Agriculture                                   |                                     |                           |  | -   | 1,828,158                                       | -   | 1,959,302                                       |
| <u>Department of Education</u>                                      |                                     |                           |  |   |   |   |   |
| Special Education Cluster (IDEA)                                    |                                     |                           |  |   |   |   |   |
| Special Education Grants to States                                  | Indiana Department of Education     | 84.027                    |  |   |   |   |   |
| Part B Grants   |                                     |                           | 14217-066-PN01   | -   | 453,410   | -   | 28,869  |
| Part B Grants   |                                     |                           | 18611-066-PN01   | -   | 710,336   | -   | 379,487   |
| Part B Grants   |                                     |                           | 19611-066-PN01   | -   | -   | -   | 824,758   |
|   |                                     |                           |  | -   | -   | -   | -   |
| Total - Special Education Grants to States                          |                                     |                           |  | -   | 1,163,746                                       | -   | 1,233,114                                       |
| Special Education Preschool Grants                                  |                                     |                           |  |   |   |   |   |
| Special Education Grants  | Indiana Department of Education     | 84.173                    |  |   |   |   |   |
| Special Education Grants  |                                     |                           | 45717-072-PN01   | -   | 31,528  | -   | -   |
| Special Education Grants  |                                     |                           | 18619-066-PN01   | -   | -   | -   | 31,128  |
|   |                                     |                           |  | -   | -   | -   | -   |
| Total - Special Education Preschool Grants                          |                                     |                           |  | -   | 31,528  | -   | 31,128  |
| Total - Special Education Cluster (IDEA)                            |                                     |                           |  | -   | 1,195,274                                       | -   | 1,264,242                                       |

JENNINGS COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient<br>06-30-18 | Total<br>Federal Awards<br>Expended<br>06-30-18 | Passed Through<br>to Subrecipient<br>06-30-19 | Total<br>Federal Awards<br>Expended<br>06-30-19 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| Title I Grants to Local Educational Agencies                        | Indiana Department of Education     | 84.010                    |  |   |   |   |   |
| Title I 16/17   |                                     |                           | S010A160014  | -   | 95,220  | -   | -   |
| Title I 17/18   |                                     |                           | S010A170014  | -   | 920,676   | -   | 123,818   |
| Title I 18/19   |                                     |                           | S010A180014  | -   | -   | -   | 819,956   |
| School Improvement  |                                     |                           | S010A170014  | -   | -   | -   | 40,000  |
| Total - Title I Grants to Local Educational Agencies                |                                     |                           |  | -   | 1,015,896                                       | -   | 983,774   |
| Education for Homeless Children and Youth                           | Indiana Department of Education     | 84.196                    |  |   |   |   |   |
| McKinney-Vento for Homeless   |                                     |                           | 7000S196A160015  | -   | 13,994  | -   | -   |
| McKinney-Vento for Homeless   |                                     |                           | 7000S196A170015  | -   | 5,438   | -   | 11,539  |
| McKinney-Vento for Homeless   |                                     |                           | 7000S196A180015  | -   | -   | -   | 13,147  |
| Total - Education for Homeless Children and Youth                   |                                     |                           |  | -   | 19,432  | -   | 24,686  |
| Rural Education   | Indiana Department of Education     | 84.358                    |  |   |   |   |   |
| Rural and Low Income  |                                     |                           | 7000S358B150014  | -   | 19,639  | -   | -   |
| English Language Acquisition State Grants                           | Indiana Department of Education     | 84.365                    |  |   |   |   |   |
| Title III   |                                     |                           | 01116-038-PN01   | -   | 703   | -   | -   |
| Title III   |                                     |                           | 01117-038-PN01   | -   | 12,496  | -   | -   |
| Title III   |                                     |                           | 01118-038-PN01   | -   | -   | -   | 5,047   |
| Total - English Language Acquisition State Grants                   |                                     |                           |  | -   | 13,199  | -   | 5,047   |
| Supporting Effective Instruction State Grants                       | Indiana Department of Education     | 84.367                    |  |   |   |   |   |
| Title II  |                                     |                           | S367A160013  | -   | 185,380   | -   | -   |
| Title II  |                                     |                           | S367A170013  | -   | 32,739  | -   | 122,346   |
| Title II  |                                     |                           | S367A180013  | -   | -   | -   | 5,582   |
| Total - Supporting Effective Instruction State Grants               |                                     |                           |  | -   | 218,119   | -   | 127,928   |

JENNINGS COUNTY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2018 and 2019

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant               | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient<br>06-30-18 | Total<br>Federal Awards<br>Expended<br>06-30-18 | Passed Through<br>to Subrecipient<br>06-30-19 | Total<br>Federal Awards<br>Expended<br>06-30-19 |
|---|---|---------------------------|--|---|---|---|---|
| Student Support and Academic Enrichment Program                     | Indiana Department of Education                   | 84.424                    |  |   |   |   |   |
| Title IV  |   |                           | S424A170015  | -   | -   | -   | 39,046  |
| Title IV  |   |                           | S424A180015  | -   | -   | -   | 18,011  |
| Total - Student Support and Academic Enrichment Program             |   |                           |  | -   | -   | -   | 57,057  |
| Adult Education - Basic Grants to States                            | Indiana Department of Education                   | 84.002                    |  |   |   |   |   |
| Adult Education   |   |                           | AE687  | -   | 61,522  | -   | -   |
| Adult Education   |   |                           | AE787  | -   | 62,375  | -   | 4,931   |
| Adult Education   |   |                           | AE887  | -   | -   | -   | 44,208  |
| Total - Adult Education - Basic Grants to States                    |   |                           |  | -   | 123,897   | -   | 49,139  |
| Total - Department of Education                                     |   |                           |  | -   | 2,605,456                                       | -   | 2,511,873                                       |
| <u>Social Security Administration</u>                               |   |                           |  |   |   |   |   |
| Social Security Disability Insurance                                | Indiana Family and Social Services Administration | 96.001                    |  |   |   |   |   |
| SSDI FY17-18  |   |                           | FY 17-18   | -   | 1,120   | -   | -   |
| SSDI FY18-19  |   |                           | FY 18-19   | -   | -   | -   | 1,064   |
| Total - Social Security Disability Insurance                        |   |                           |  | -   | 1,120   | -   | 1,064   |
| Total - Social Security Administration                              |   |                           |  | -   | 1,120   | -   | 1,064   |
| Total federal awards expended                                       |   |                           |  | \$ -  | \$ 4,434,734                                    | \$ -  | \$ 4,472,239                                    |

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

JENNINGS 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.

JENNINGS 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?                      | yes   |
| 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                         |
|-------------|---|--|
| 84.010      | Child Nutrition Cluster<br>Title I Grants to Local Educational Agencies<br>Special Education Cluster (IDEA) | Unmodified<br>Unmodified<br>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**

**FINDING 2019-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-002.

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

*Condition and Context*

The School Corporation did not have a proper system of internal control in place related to the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer was the person solely responsible for entering and submitting the federal award information on the Indiana Gateway for Government Units financial reporting system, which is the source of the SEFA. There was no segregation of duties documented, such as an oversight, review, approval process, or other compensating control to prevent and correct errors prior to submission.

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

*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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

*Cause*

Management had not established a system of internal control that segregated key functions.

*Effect*

Without a proper system of internal control in place, that operated effectively, material misstatements of the SEFA could have remained undetected.

*Views of Responsible Officials*

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

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2019-002**

Subject: Child Nutrition Cluster - Eligibility  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 17-18, FY 18-19  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2017-003.

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Eligibility compliance requirement.

Two employees were responsible for entering income information into the computer system that was used to determine eligibility; however, there was no oversight or review to ensure the information they entered was correct.

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

*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*

Management had not developed a system of internal controls related to the grant agreement and the Eligibility compliance requirement.

*Effect*

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Eligibility compliance requirement.

JENNINGS 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 a system of internal controls related to the grant agreement and the Eligibility compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2019-003**

Subject: Special Education Cluster (IDEA) - Period of Performance  
Federal Agency: Department of Education  
Federal Program: Special Education Grants to States  
CFDA Number: 84.027  
Federal Award Number and Year (or Other Identifying Number): 18611-066-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Period of Performance  
Audit Findings: Material Weakness, Other Matters

*Condition and Context*

The School Corporation had not established an effective internal control system related to the grant agreement and the Period of Performance compliance requirement.

The School Corporation did not comply with the Period of Performance compliance requirement that all obligations for expenditures made from program funds be incurred and expended within the period of performance. The obligation and/or payment of the claims did not occur within the period of performance for transactions charged and recorded in the computerized accounting system.

For Federal Award Number 18611-066-PN01 the following were noted:

1. The School Corporation alternates between two fund numbers to account for the transactions of their Special Education grants. The 2016 grant was overspent and expenditures were transferred to the General fund; however, the amount transferred was for the incorrect amount and did not cover the entire amount overspent. The difference of \$8,890 was inadvertently included in the first reimbursement for the 2018 grant which was accounted for using the same fund number as the 2016 grant.
2. Payroll related expenses for the pay period ending June 30, 2017, were charged to the project when the project start date was not until July 1, 2017. This resulted in \$12,392 being charged to the project prior to the period of performance.

The above items resulted in a total of \$21,392 being charged to the project prior to the period of performance.

This was an isolated instance that effected the beginning of the new FY18 grant for Special Education.

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

*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 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

*Cause*

The School Corporation had not developed an effective system of internal control that would have ensured compliance with the grant agreement and the Period of Performance compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected which could have resulted in the loss of federal funds to the School Corporation.

*Question 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 Period of Performance 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.

34 W. Main St, North Vernon, Indiana 47265

Ms. Teresa Brown, Superintendent

Phone: (812) 346-4483

Fax: (812) 352-8194

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2017-001**

Fiscal year in which the finding initially occurred: FY14-15

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

### **Status of Finding 2017-001**

Beginning with the July 2017 Bank deposits and reconciliations, Dee Dee Lane (Accounts Payable) began reviewing documents (deposits and receipts) after they had been prepared. In January 2019, the JCSC Business Office began preparing a worksheet with beginning balances, deposits, receipts, expenditures and ending balances to be prepared by the Accounts Payable person (Myra Fischvogt) and reviewed and signed off on by the Business Manager (Amber Fields), and the Superintendent (Teresa Brown).

### **FINDING 2017-002**

Fiscal year in which the finding initially occurred: FY14-15

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

Multiple people reviewed the 18-19 Federal Grant Information before entering into Gateway but no adequate documentation was kept to support this. However, starting with the 19-20 submission, we have implemented a checklist that will clearly show the report was reviewed before and after submitting on Gateway by someone other than the preparer.

### **FINDING 2017-003**

Fiscal year in which the finding initially occurred: FY16-17

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

### **Status of Finding 2017-003**

Beginning February of 2020, the Food Service Department bookkeeper (Barbara Miller) is having the Free and Reduced Lunch eligibility reports as of FY 18-19, Monthly Sponsor Claims, and Verification Summary Reports prepared by, and reviewed by another person in the department (Director, Susan Harding) for accuracy. They have also began using a stamp to indicate who prepared and who reviewed.

34 W. Main St, North Vernon, Indiana 47265

Ms. Teresa Brown, Superintendent

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Fax: (812) 352-8194

## **FINDING 2017-004**

Fiscal year in which the finding initially occurred: FY16-17

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

## **Status of Finding 2017-004**

Beginning July 1, 2017, Fund 8400 was created and the Food Service Bookkeeper (Barbara Miller) began preparing Lunch deposits. The deposits are being reviewed by another person in the department (Susan Harding), and then again reviewed by the Business Office Accounts Receivable person (Myra Fischvogt). Both the "Prepared by" and "Reviewed by" names are listed on the reports.

## **FINDING 2017-005**

Fiscal year in which the finding initially occurred: FY16-17

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

## **Status of Finding 2017-005**

Beginning July 1, 2017, the Special Services Director (Todd Ebinger) is signing off on the Final Reports for Federal Special Services Grants after they have been prepared by the Business Office Deputy Treasurer (Myra Fischvogt).

## **FINDING 2017-006**

Fiscal year in which the finding initially occurred: FY14-15

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

## **Status of Finding 2017-006**

Beginning in the 2018-19 school year, all of the Jennings County School Corporation public schools went to operating Title I as a school-wide program. Beginning with the 2020-21 school year, the new Title I Director, Nikki Johnson, will begin obtaining St. Mary's Catholic School paperwork for the students who receive Title I services, as the private school still operates with Targeted Assistance. St. Mary's will prepare the report of eligible students and provide supporting documentation for Nikki to review and approve.

# JCSC JENNINGS COUNTY SCHOOL CORPORATION

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34 W. Main St, North Vernon, Indiana 47265

Ms. Teresa Brown, Superintendent

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## FINDING 2017-007

Fiscal year in which the finding initially occurred: FY14-15

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: (812) 346-4483

## Status of Finding 2017-007

Beginning July 2018, the Title I Director has prepared and reviewed the Title I Application and the Superintendent has then reviewed and signed off that the application is adequately implementing policies and procedures for the Title I Schoolwide Program requirement.

Beginning July 2018, the Title I Director has prepared and reviewed the Title I Comparability Report and the Superintendent has then reviewed and signed off that the report indicating that the Title I program is adequately implementing policies and procedures for the Title I Comparability requirement.

Beginning July 2018, Federal Title I grant reimbursements and Final Reports will be reviewed and approved by the Title I Director after they are prepared by the Business Office Deputy Treasurer (Myra Fischvogt) prior to requesting the funds. The Title I Director will also review any reimbursements before the reimbursement is submitted, to monitor that expenditures were within the period of performance, and to complete the final expenditure report. The final report was also prepared by the Deputy Treasurer (Myra Fischvogt), and reviewed and approved by the Title I Director (Nikki Johnson).

*Amber Fields*

(Signature)

*Treasurer*

(Title)



# JENNINGS COUNTY SCHOOL CORPORATION

## OFFICE OF THE SUPERINTENDENT

34 West Main Street • North Vernon, IN 47265

(812) 346-4483 • FAX (812) 346-4490

*Teresa A. Brown, Superintendent*

### BOARD OF EDUCATION

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*Earl Taggart*  
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*Susan Wahlman*  
At-Large

### CORRECTIVE ACTION PLAN

#### **FINDING 2019-001**

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: 812-346-4483

Views of Responsible Official: We concur with the Finding.

#### Description of Corrective Action Plan:

Beginning with the 19-20 School Year, the Business Office began the process of entering expenditures into Gateway for the Schedule of Expenditures of Federal Awards (SEFA) in the following manner; the Business Manager, Amber Fields, will enter the expenditures into Gateway and the Deputy Treasurer, Myra Fischvogt, will review the figures and sign-off before the Annual Finance Report is submitted to the State.

Anticipated Completion Date: Immediately

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*Teresa A. Brown, Superintendent*

### CORRECTIVE ACTION PLAN

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#### **FINDING 2019-002**

Contact Person Responsible for Corrective Action: Amber Fields  
Contact Phone Number: 812-346-4483

Views of Responsible Official: We concur with the Finding.

#### Description of Corrective Action Plan:

Beginning February of 2020, the Food Service Department will begin the following process when entering income information into the computer system for Student families; The Food Service Director, Susan Harding, will enter the information into the computer system and sign-off on the entries. The Food Service Bookkeeper, Barbara Miller will then review the income information entered and sign-off on the entries.

Anticipated Completion Date: Immediately

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*Earl Taggart  
District 2*

*Susan Wahlman  
At-Large*

### CORRECTIVE ACTION PLAN

#### **FINDING 2019-003**

Contact Person Responsible for Corrective Action: Amber Fields

Contact Phone Number: 812-346-4483

Views of Responsible Official: We concur with the Finding.

#### Description of Corrective Action Plan:

Beginning immediately, the Deputy Treasurer, Myra Fischvogt, will prepare and review the IDEA Part B Grant reimbursements. The reimbursements will then be reviewed by the Business Manager, Amber Fields, for submission. The Director of Special Services, Todd Ebinger, will also review the reimbursement for accuracy and sign-off before submitted.

Anticipated Completion Date: Immediately

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## 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/>.