

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

FEDERAL COMPLIANCE AUDIT REPORT  
OF

RENSSELAER CENTRAL  
SCHOOL CORPORATION  
JASPER COUNTY, INDIANA

July 1, 2017 to June 30, 2019



**FILED**  
03/24/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Dawn Claussen	07-01-17 to 06-30-20
Superintendent of Schools	Curtis Craig	07-01-17 to 06-30-20
President of the School Board	Charles Parrish Kristina Phillips	07-01-17 to 06-30-19 07-01-19 to 06-30-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 RENSSELAER CENTRAL SCHOOL  
CORPORATION, JASPER 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 Rensselaer Central 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 6, 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 6, 2020, except for the Schedule of Expenditures of  
Federal Awards, for which the date is February 27, 2020



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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 RENSSELAER CENTRAL SCHOOL CORPORATION, JASPER COUNTY, INDIANA

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

We have audited the Rensselaer Central 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 items 2019-001 and 2019-002. 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 2019-001 and 2019-002, 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 January 6, 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 27, 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.

RENSSELAER CENTRAL 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	FY 17-18, FY 18-19	\$ -	\$ 104,820	\$ -	\$ 110,926
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555	FY 17-18, FY 18-19	-	357,955	-	377,843
National School Lunch Program - Commodities				-	72,094	-	72,199
Total - National School Lunch Program				-	430,049	-	450,042
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559	FY 17-18, FY 18-19	-	4,313	-	3,375
Total - Child Nutrition Cluster				-	539,182	-	564,343
Total - Department of Agriculture				-	539,182	-	564,343
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY 2016 Federal Part B 611			14216-150-PN01	-	264	-	-
FY 2017 Federal Part B 611			14217-049-PN01	-	96,775	-	2,007
FY 2018 Federal Part B 611			18611-049-PN01	-	315,319	-	112,933
FY 2019 Federal Part B 611			19611-049-PN01	-	-	-	308,116
Total - Special Education Grants to States				-	412,358	-	423,056
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY 2017 Federal Preschool 619			45717-049-PN01	-	14,805	-	-
FY 2018 Federal Preschool 619			18619-049-PN01	-	7,767	-	15,803
FY 2019 Federal Preschool 619			19619-049-PN01	-	-	-	2,964
Total - Special Education Preschool Grants				-	22,572	-	18,767
Total - Special Education Cluster (IDEA)				-	434,930	-	441,823

RENSELAER CENTRAL 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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Basic Grant			S010A160014	-	41,103	-	-
Title I Basic Grant			S010A170014	-	135,895	-	88,526
Title I Basic Grant			S010A180014	-	-	-	164,823
Total - Title I Grants to Local Educational Agencies				-	176,998	-	253,349
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
FFY 2015 Title II Part A: Improving Teacher Quality and Effectiveness			S367A150013	-	4,664	-	-
FFY 2016 Title II Part A: Improving Teacher Quality and Effectiveness			S367A160013	-	24,059	-	-
FFY 2017 Title II Part A: Improving Teacher Quality and Effectiveness			S367A170013	-	24,567	-	19,928
FFY 2018 Title II Part A: Improving Teacher Quality and Effectiveness			S367A180013	-	-	-	28,497
Total - Supporting Effective Instruction State Grants				-	53,290	-	48,425
Student Support and Academic Enrichment Program FY 2018 Title IV Part A	Indiana Department of Education	84.424	S424A180015	-	-	-	10,535
Total - Department of Education				-	665,218	-	754,132
Total federal awards expended				\$ -	\$ 1,204,400	\$ -	\$ 1,318,475

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

RENSSELAER CENTRAL 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 a special education cooperative and serves as the fiscal agent for it. As a result, some activity for the Special Education Cluster (IDEA) that is presented as receipts and disbursements in the financial statement is not presented on the SEFA for the School Corporation. This activity is reported on the SEFA of the member school corporations where appropriate.

RENSELAER CENTRAL 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	Unmodified
Special Education Cluster (IDEA)	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: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking  
 Federal Agency: Department of Education  
 Federal Programs: Special Education Grants to States, Special Education Preschool Grants  
 CFDA Numbers: 84.027, 84.173  
 Federal Award Numbers and Years (or Other Identifying Numbers): 14216-150-PN01, 14217-049-PN01, 45717-049-PN01  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Matching, Level of Effort, Earmarking  
 Audit Findings: Material Weakness, Other Matters

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 earmarking portion of the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that its expenditures in-aid of non-public school students with disabilities were at least that of the same amount allocated (the proportionate share) from the grant for these students.

The School Corporation did not meet the earmarking requirements for the grants, which concluded during the audit period. Both the Special Education Grants to States and Special Education Preschool Grants required a proportionate share of their funding to be spent on non-public school students with disabilities. Based upon the documentation provided for non-public school expenditures, the School Corporation expended \$9,560 of the required \$12,774 for fiscal year 2017-2018 and \$13,658 of the required \$15,695 for 2018-2019, towards the Non-Public Proportionate Share. Grants awarded in 2017-2018 and 2018-2019 had not ended during our audit period; therefore, the earmarking requirements were not tested during this audit.

The lack of effective internal controls and noncompliance were systemic issues that occurred 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 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the Matching, Level of Effort, Earmarking 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 2019-002**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years or (Other Identifying Numbers): 14216-150-PN01, 14217-049-PN01,  
45717-049-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*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 Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not have internal controls in place to ensure that its expenditures in aid of non-public school students with disabilities were at least that of the same amount allocated (the proportionate share) from the grant for these students.

The School Corporation did not meet the earmarking requirements for the grants, which concluded during the audit period. Both the Special Education Grants to States and Special Education Preschool Grants required a proportionate share of their funding to be spent on non-public school students with disabilities. Based upon the documentation provided for non-public school expenditures, the School Corporation expended \$9,560 of the required \$12,774 for fiscal year 2017-2018 and \$13,658 of the required \$15,695 for 2018-2019, towards the Non-Public Proportionate Share. Expenditures of \$5,250 made for non-public school students were not supported by the accounting records and are considered questioned costs.

RENSELAER CENTRAL SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The lack of effective internal controls and noncompliance were systemic issues that occurred 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 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools and facilities, must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools or facilities within its boundaries, is to the total number of students with disabilities of the same age range."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

Actual questioned costs in the amount of \$5,251 were identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2017-001**

Fiscal year in which the finding initially occurred: **2017**

Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer**

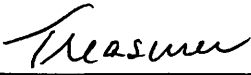
Contact Phone Number: **219-866-7822**

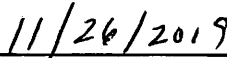
Status of Audit Finding:

**Subject – Financial Transactions and Reporting**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. Monthly Bank Reconcilements are prepared by the Treasurer and reviewed by the Assistant Treasurer and presented to the Board of School Trustees at the regular Board Meetings. Bank Deposits and receipts are prepared by the Treasurer and processed by the Assistant Treasurer and the deposits are taken to the bank by the Treasurer.**

  
\_\_\_\_\_  
(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).)



# RENSELAER CENTRAL SCHOOLS CORPORATION

Mr. Curtis D. Craig  
Superintendent

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

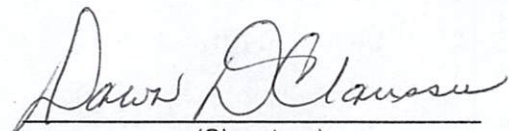
### **FINDING 2017-002**

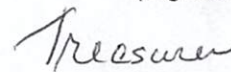
Fiscal year in which the finding initially occurred: **2017**  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer**  
Contact Phone Number: **219-866-7822**

Status of Audit Finding:

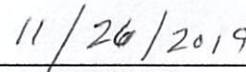
**Subject – Child Nutrition cluster – Internal Controls**

Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. The Food Service Director and the Treasurer review the Activities Allowed or Unallowed, Reporting, and Special Tests and Provisions - Paid Lunch Equity to ensure controls are in place to prevent non-compliance.

  
\_\_\_\_\_  
(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).)

900 East Washington Street – Rensselaer, Indiana 47978

Phone 219.866.7822 – Fax 219.866.8360

[www.rensselaerschools.org](http://www.rensselaerschools.org)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

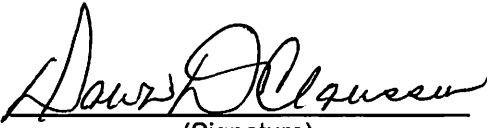
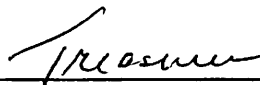
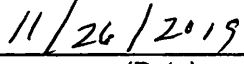
**FINDING 2017-003**

Fiscal year in which the finding initially occurred: **2017**  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer**  
Contact Phone Number: **219-866-7822**

Status of Audit Finding:

**Subject – Child Nutrition cluster – Allowable Costs/Cost Principles**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. The School Corporation is using the Indirect Cost rate for the school year transfers from Lunch Fund account - 800 to Operations Fund - 300.**

  
\_\_\_\_\_  
(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

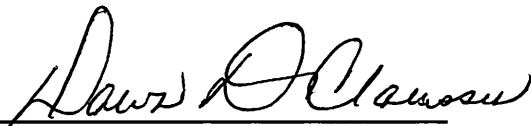
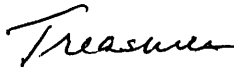
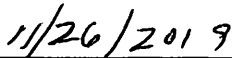
**FINDING 2017-004**

Fiscal year in which the finding initially occurred: **2017**  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer**  
Contact Phone Number: **219-866-7822**

Status of Audit Finding:

**Subject – Child Nutrition cluster – Cash Management**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. A Cash Management Spread sheet is use to track the balance of the Food Service account. The Food Service program has a 4 year spending plan to improve the cafeterias that is sent to the State each year for approval of capital expenditures.**

  
\_\_\_\_\_  
(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

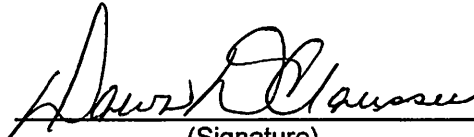
**FINDING 2017-005**

Fiscal year in which the finding initially occurred: **2017**  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer**  
Contact Phone Number: **219-866-7822**

Status of Audit Finding:

**Subject – Child Nutrition cluster – Program Income**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. The Food Service Director and the Treasurer transfer the sales for the current month from the 8400 account to the 800 accounts.**

  
\_\_\_\_\_  
(Signature)  
  
*Treasurer*  
\_\_\_\_\_  
(Title)  
  
*11/26/2019*  
\_\_\_\_\_  
(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2017-006**

Fiscal year in which the finding initially occurred: **2017**  
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer**  
Contact Phone Number: **219-866-7822**

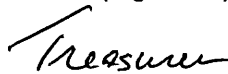
Status of Audit Finding:

**Subject – Child Nutrition cluster – Procurement and suspension and Debarment**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. The Food Service Director attaches the Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions with all the bids documents sent to vendors for the incoming school year.**



(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2017-007**

Fiscal year in which the finding initially occurred: **2017**

Pass-Through Entity: Indiana Department of Education

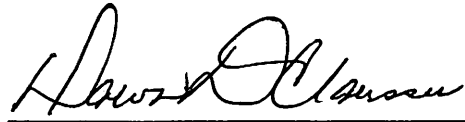
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer, Patti Kern-Director of Special Education Cooperative School Services**

Contact Phone Number: **219-866-7822**

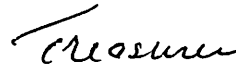
Status of Audit Finding:

**Subject –Special Education Cluster (IDEA) – Allowable Cost/Cost Principles**

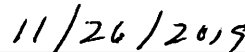
**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. Time and Effort documentation is maintained by the corporation level and at the Cooperative School Service office. We are still in the process of ensuring the cost charged to grant funds are supported by these Time and Effort logs.**



(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2017-008**

Fiscal year in which the finding initially occurred: **2017**

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer, Patti Kem-Director of Special Education Cooperative School Services**

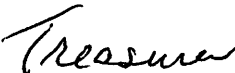
Contact Phone Number: **219-866-7822**


Status of Audit Finding:

**Subject –Special Education Cluster (IDEA) – Level of Effort**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. In the preparation of Maintenance of Effort reports for submission to IDOE, two individuals from each corporation review the information and sign the report prior to submission. The two individuals are typically the Treasurer and the Superintendent of schools. Copies of the MOE documents are maintained at the CSS office and at each school corporation.**

  
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(Signature)

  
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(Title)

  
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(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2017-009**

Fiscal year in which the finding initially occurred: **2017**


Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer, Patti Kem-Director of Special Education Cooperative School Services**  
Contact Phone Number: **219-866-7822**

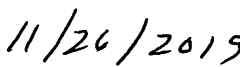
Status of Audit Finding:

**Subject –Special Education Cluster (IDEA) – Period of Performance**

Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. This involved the changing of the Fiscal Agent or LEA for Cooperative School Services from West Central School Corporation to Rensselaer Central Schools Corporation. The grants were closed out as of June 30, 2016 at the direction of IDOE and then a new revised budget with the remaining funds for the grant was submitted for the new LEA Rensselaer Central as of July 1, 2016. There were underlying obligations from the prior grants that were paid with the new revised grants. This was a one time occurrence due to the change of the LEA. Any future change of LEA/Fiscal Agent for the Cooperative School Services, all financial obligations (i.e. bills, payments, invoices, purchase orders, etc) will close prior to the transfer to a new school corporation as LEA/Fiscal Agent

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
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(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).)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2017-010**

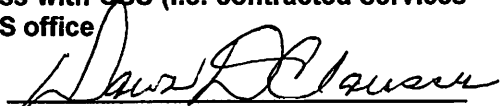
Fiscal year in which the finding initially occurred: **2017**

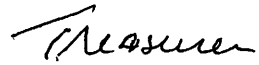
Pass-Through Entity: Indiana Department of Education  
Contact Person Responsible for Corrective Action: **Dawn Claussen, Treasurer, Patti Kem-Director of Special Education Cooperative School Services**  
Contact Phone Number: **219-866-7822**

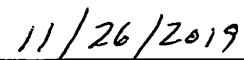
Status of Audit Finding:

**Subject –Special Education Cluster (IDEA) – Procurement and Suspension and Debarment**

**Rensselaer Central Schools has established Business Office Procedures and Internal Control Standards. Cooperative School Services and Rensselaer Central Schools Corporation are in compliance with requirements for Procurement and Suspension and Debarment. A Certificate regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion is secured on an annual basis for companies or corporations contracted to do business with CSS (i.e. contracted services for therapy services). Documentation is maintained at the CSS 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).)



**Mr. Curtis D. Craig**  
Superintendent

## **CORRECTIVE ACTION PLAN**

### **FINDING 2019-001**

Contact Person Responsible for Corrective Action: Dawn Claussen, Treasurer  
Contact Phone Number – 219-866-7822

Views of Responsible Official:

We concur with the findings.

Description of Corrective Action Plan:

We are in the process of developing an internal controls policy with the Special Education Cooperative in order to avoid non-compliance.

Anticipated Completion Date: June 1, 2020

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Phone 219.866.7822 – Fax 219.866.8360

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**Mr. Curtis D. Craig**  
Superintendent

### **CORRECTIVE ACTION PLAN**

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

Contact Person Responsible for Corrective Action: Dawn Claussen, Treasurer  
Contact Phone Number – 219-866-7822

Views of Responsible Official:

We concur with the findings.

Description of Corrective Action Plan:

We are in the process of developing an internal controls policy with the Special Education Cooperative in order to avoid non-compliance.

Anticipated Completion Date: June 1, 2020

900 East Washington Street – Rensselaer, Indiana 47978

Phone 219.866.7822 – Fax 219.866.8360

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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/>.