

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

VINCENNES COMMUNITY SCHOOL CORPORATION

KNOX COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
05/04/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Debbie Groves Michele Fleck	07-01-18 to 06-04-20 06-05-20 to 06-30-21
Superintendent of Schools	Gregory Parsley	07-01-18 to 06-30-21
President of the School Board	Lynne Bobe Aaron M. Bauer Pat Hutchison Karla Smith	07-01-18 to 12-31-18 01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 06-30-21



**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 VINCENNES COMMUNITY SCHOOL  
CORPORATION, KNOX 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 Vincennes Community School Corporation (School Corporation), for the period of July 1, 2018 to June 30, 2020, and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement and have issued our report thereon dated April 22, 2021, 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 2020-001, that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001.

***Vincennes Community 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

April 22, 2021



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 VINCENNES COMMUNITY SCHOOL CORPORATION, KNOX COUNTY, INDIANA

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

We have audited the Vincennes Community 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, 2018 to June 30, 2020. 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, 2018 to June 30, 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  
(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 2020-003. 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 2020-002, 2020-003, and 2020-004, 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, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated April 22, 2021, 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

April 22, 2021

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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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VINCENNES COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
FY 18/19			FY 18/19	\$ -	\$ 271,261	\$ -	\$ -
FY 19/20			FY 19/20	-	-	-	199,644
Subtotal School Breakfast Program				-	271,261	-	199,644
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
FY 19/20			FY 19/20	-	-	-	15,191
Total - School Breakfast Program				-	271,261	-	214,835
National School Lunch Program	Indiana Department of Education	10.555					
FY 18/19			FY 18/19	-	852,853	-	-
FY 19/20			FY 19/20	-	-	-	622,625
Commodities 18/19			FY 18/19	-	111,836	-	-
Commodities 19/20			FY 19/20	-	-	-	110,700
Subtotal - National School Lunch Program				-	964,689	-	733,325
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
FY 19/20			FY 19/20	-	-	-	46,988
Total - National School Lunch Program				-	964,689	-	780,313
Summer Food Service Program for Children	Indiana Department of Education	10.559					
FY 18/19			FY 18/19	-	62,882	-	-
FY 19/20			FY 19/20	-	-	-	42,676
Subtotal - Summer Food Service Program for Children				-	62,882	-	42,676
COVID-19 - Summer Food Service Program for Children	Indiana Department of Education	10.559					
FY 19/20			FY 19/20	-	-	-	275,950
Total - Summer Food Service Program for Children				-	62,882	-	318,626
Total - Child Nutrition Cluster				-	1,298,832	-	1,313,774

VINCENNES COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Child Nutrition Discretionary Grants Limited Availability FY 18/19	Indiana Department of Education	10.579	FY 18/19	-	14,085	-	-
Total - Department of Agriculture				-	1,312,917	-	1,313,774
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Special Education 17-19			18611-032-PN01	-	319,830	-	-
Special Education 2016-2018			14217-032-PN01	-	191,171	-	-
Special Education 18-20			19611-032-PN01	-	-	-	307,457
Special Education 17-19			18611-032-PN01	-	-	-	200,022
Total - Special Education Grants to States				-	511,001	-	507,479
Special Education Preschool Grants	Indiana Department of Education	84.173					
Preschool 18-19			18619-032-PN01	-	21,660	-	-
Preschool 18-19			18619-032-PN01	-	-	-	14,739
Preschool 19/20			19619-032-PN01	-	-	-	21,875
Preschool 17/18			45717-032-PN01	-	10,650	-	-
Total - Special Education Preschool Grants				-	32,310	-	36,614
Total - Special Education Cluster (IDEA)				-	543,311	-	544,093
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 17/18			S010A170014	-	520,444	-	-
Title I 19/20			S010A190014	-	-	-	507,568
Title I 18-19			S010A180014	-	496,793	-	-
Title I 18-19			S010A180014	-	-	-	483,966
Title I 17/18 DELINQUENT			S013A170014	-	41,431	-	-
Title I 19/20 DELINQUENT			S013A190014	-	-	-	42,293
Title I 18-19 DELINQUENT			S013A180014	-	81,803	-	-
Title I 18-19 DELINQUENT			S013A180014	-	-	-	56,081
Total - Title I Grants to Local Educational Agencies				-	1,140,471	-	1,089,908
Rural Education	Indiana Department of Education	84.358					
FY 17/18			S358B160014	-	24,567	-	-
FY 18/19			S358B170014	-	34,941	-	-
FY 18/19			S358B170014	-	-	-	6,748
FY 19-/20			S358B180014	-	8,967	-	-
FY 19-/20			S358B180014	-	-	-	28,805
Total - Rural Education				-	68,475	-	35,553

VINCENNES COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2019 and 2020

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 06-30-19	Total Federal Awards Expended 06-30-19	Passed Through to Subrecipient 06-30-20	Total Federal Awards Expended 06-30-20
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
FY 17/18			S367A160013	-	57,594	-	-
FY 18/19			S367A170013	-	87,267	-	-
FY 19/20			S367A180013	-	-	-	62,017
FY 19/20			S367A190013	-	-	-	35,827
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	144,861	-	97,844
Education Innovation and Research (formerly Investing in Innovation (i3) Fund) Rural Early College Network	University of Indianapolis	84.411	U411B190018	-	-	-	9,548
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
FY 18/19			S424A180015	-	19,794	-	-
FY 18/19			S424A180015	-	-	-	41,535
FY 19/20			S424A190015	-	-	-	10,388
Total - Student Support and Academic Enrichment Program				-	19,794	-	51,923
Total - Department of Education				-	1,916,912	-	1,828,869
<u>Department of Health and Human Services</u>							
Medicaid Cluster	Indiana Department of Education	93.788					
Opioid STR FY18/19			A58-9-19OT-575	-	87,171	-	-
Total - Medicaid Cluster				-	87,171	-	-
Assistance Programs for Chronic Disease Prevention and Control 2018	Indiana Department of Education	93.945	2018	-	1,500	-	-
Total - Department of Health and Human Services				-	88,671	-	-
Total federal awards expended				\$ -	\$ 3,318,500	\$ -	\$ 3,142,643

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

VINCENNES COMMUNITY 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, 2019 and 2020. 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. Knox County Special Education Cooperative**

The School Corporation is a member of a Special Education Cooperative (Cooperative) and serves as the fiscal agent for the Cooperative. 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.

VINCENNES COMMUNITY 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?	yes

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	Unmodified
	Title I Grants to Local Educational Agencies	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**

**FINDING 2020-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition and Context*

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's Schedule of Expenditures of Federal Awards (SEFA).

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The School Corporation failed to properly review the federal grant information prepared and submitted in Gateway. Although one employee prepared and entered the federal award information into Gateway, and another employee reviewed and approved the information entered, the internal control was not effective and did not detect and allow correction of errors prior to submission.

Due to the lack of effective internal controls, the SEFA presented for audit included the following errors:

1. The Special Education Grants to States expenditures were overstated by \$970,093.
2. Several additional grants had individually immaterial errors that resulted in misstatements of expenditures of \$9,621 in total.
3. Other errors included incorrect program names and identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

*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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.62 states in part:

"*Internal control over compliance requirements for Federal awards* means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements . . ."

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA included the errors identified in the *Condition and Context*.

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Views of Responsible Officials*

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

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

**FINDING 2020-002**

Subject: Special Education Cluster (IDEA) - Procurement

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): 18611-032-PN01, 14217-032-PN01,  
19611-032-PN01, 18611-032-PN01,  
18619-032-PN01, 19619-032-PN01,  
45717-032-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Finding: Material Weakness

*Condition and Context*

An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation was a member of the Knox County Special Education District (Cooperative). The Cooperative operated the special education programs on behalf of the School Corporation and managed the special education grant funds. Because the grant agreements were between the Indiana Department of Education and the School Corporation, the School Corporation is ultimately responsible for compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have adequate procedures in place to ensure that the Cooperative complied with the procurement requirements. The Cooperative had implemented internal controls to document purchases and to ensure that the correct procurement method was used, but the internal control was not properly documented.

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

Management had not developed a system of internal controls to ensure compliance with the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

*Effect*

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

*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 grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2020-003**

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, COVID-19 - School Breakfast Program, National School Lunch Program, COVID-19 - National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 18/19, FY 19/20

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Findings: Material Weakness, Other Matters

*Condition and Context*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

The School Corporation performed the standard method to verify approved free and reduced price applications. Of the eight applications required to be verified, four of them were calculated incorrectly. As a result, the School Corporation did not appropriately change the student's eligibility status.

The lack of internal controls and noncompliance were systemic issues throughout the audit period.

VINCENNES COMMUNITY 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). . . ."

7 CFR 245.6a(a)(7)(i) states in part: "Written evidence shall be used as the primary source of information for verification. Written evidence includes written confirmation of a household's circumstances, such as wage stubs, award letters and letters from employers. . . ."

USDA Eligibility Manual for School Meals Determining and Verifying Eligibility dated July 18, 2017, page 24 states in part:

"Households must report current income on a free and reduced price application. . . ."

Current income means the gross income received by a household, before deductions, for the current month, or the amount projected for the first month for which the application is filled out, or for the month prior to application. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the Special Tests and Provisions - Verifications of Free and Reduced Price Applications (NSLP) 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, including segregation of duties, related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

*Views of Responsible Officials*

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

VINCENNES COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2020-004**

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, COVID-19 School Breakfast Program, National School Lunch Program, COVID-19 National School Lunch Program, Summer Food Service Program for Children, COVID-19 Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years or Other Identifying Numbers: FY 18/19, FY 19/20  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Cash Management  
Audit Finding: Material Weakness

*Condition and Context*

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

The School Corporation had not properly developed procedures whereby the School Lunch fund balance was monitored to ensure the net cash resources in the fund did not exceed three months average expenditures. The procedures implemented by the School Corporation during the audit period were not adequately developed to achieve the objective of the compliance requirement.

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

*Cause*

Management had not developed a system of internal controls that included proper development of procedures and oversight, review, and approval of the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management compliance requirement. A lack of segregation of duties within an internal control system could also allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

VINCENNES COMMUNITY 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, including segregation of duties, related to the grant agreement and the Cash Management 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.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2018-001***

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: During the final week, of every month, the corporation secretary responsible for monitoring the “NutriKids System” will print a monthly Free and Reduced Eligibility Summary Report. Along with the Title I Director, the two will complete the check between NutriKids and PowerSchool to ensure that both systems show the correct lunch status. This report will then be signed off by the Title I Director.

We have been following through with this practice since 2/28/2019. Mindi Decker prepares the NutriKids report and we compare it with the Free/Reduced Lunch report that I generate from PowerSchool.

***FINDING 2018-002***

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: The corporation Treasurer, with assistance from our building principals, will continue to collect up to three bids for the purchase of supplies, materials, and equipment. The VCSC will enter into a contractual agreement with any company that the VCSC will purchase items more than \$150,000.00, to reflect the current state procurement policies.

Since July 2019, Michele Fleck, VCSC Treasurer has been obtaining quotes for purchases between \$50,000 and \$150,000 as required by the Indiana Code.

***FINDING 2018-003***

Fiscal year in which the finding initially occurred: 2018

Status of Audit Finding: When submitting the SE report on the December 1 count date the Director of State Reporting will perform the following tasks.

1. Confirm the number of students submitted with the building principals.
2. Confirm with the Director of Special Education or her assistant the number for the corporation.

3. All principals and the Director will sign off in agreement. Hard copies of the summary report, along with signatures collected from the parties involved, will be kept on file.
4. The Director for State Reporting along with the Treasurer will sign off on the SE summary report verifying that the summary report confirms the number of students submitted for the December 1 count day.

We have been following the steps listed above since December 2019. Hard copies are on file.

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**CORRECTIVE ACTION PLAN**

***FINDING 2020-001***

**2020**

Contact Person Responsible for Corrective Action: Michele Fleck  
Contact Phone Number: 812-882-4844

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Award letters will be sent to the Treasurer with the CFDA numbers. This will allow all grants to have to correct CFDA number reported on the SEFA.

Reimbursement sheets will be matched against our financial system documents as a check for dollar amount accuracy.

Two people will review and verify the SEFA before submission.

Anticipated Completion Date: 07-01-2021

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CORRECTIVE ACTION PLAN

***Finding 2020-002***

Contact Person Responsible for Corrective Action: Sheryl Schaefer-Jones

Contact Phone Number: 812-882-0102

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All micro purchase requests will be accompanied by 2-3 quotes from vendors. We will rotate vendors when possible.

Small purchase requests will be accompanied by 3 quotes for vendors, if possible. These vendors will be checked to make sure that they are not on the suspended or debarred list. ([www.SAM.gov](http://www.SAM.gov))

Contracts/agreements will contain a description of the service to be performed or goods to be delivered. The location and date of the service to be performed or goods to be delivered. The number of intended beneficiaries to be served, if relevant. Also contained in the contract/agreement will be language allowing termination for cause and for convenience. We will keep a hard copy of all signed contracts/agreements in our files.

Anticipated Completion Date: 5-1-2021

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**CORRECTIVE ACTION PLAN**

***FINDING 2020-003***

**2020**

Contact Person Responsible for Corrective Action: David Hill  
Contact Phone Number: 812-882-2326

Views of Responsible Official: We concur with the finding.

**Description of Corrective Action Plan:**

VCSC administrative assistant, Melinda Decker, has already attended training for the verification process, and will maintain additional training when made available. Mrs. Decker will complete the annual verification process, and then along with the corporation treasurer and the Director for state reporting, the three will certify the data is accurate.

Anticipated Completion Date: 07-01-2021

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**CORRECTIVE ACTION PLAN**

***FINDING 2020-004***

**2020**

Contact Person Responsible for Corrective Action: Michele Fleck  
Contact Phone Number: 812-882-4844

Views of Responsible Official: We concur with the finding.

**Description of Corrective Action Plan:**

We will provide a better monitoring system over the School Lunch fund balance. This will include a spend down plan that is being developed at the present time. We have several large ticket items to purchase, and this would lower our balance to an approved amount.

The Food Service Manager will be provided a fund balance report and the end of each month. The Treasurer and Food Service Manager will review at the end of each 3-month period to make sure the School Lunch fund balance is correct.

Anticipated Completion Date: 07-01-2021

## 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/>.