

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

NORTH KNOX SCHOOL CORPORATION

KNOX COUNTY, INDIANA

July 1, 2018 to June 30, 2020



**FILED**  
06/17/2021



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Terri Roesler	07-01-18 to 06-30-21
Superintendent of Schools	Dr. Darrel L. Bobe	07-01-18 to 06-30-21
President of the School Board	Elaine Pepmeier	07-01-18 to 06-30-21



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 NORTH KNOX 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 North Knox 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 May 11, 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. 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

May 11, 2021, except for the Schedule of Expenditures  
of Federal Awards, for which the date is May 26, 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 NORTH KNOX SCHOOL CORPORATION, KNOX COUNTY, INDIANA

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

We have audited the North Knox 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 an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

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

**Report on Internal Control over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002, 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, 2018 to June 30, 2020, and the related notes to the financial statement. We issued our report thereon dated May 11, 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

May 26, 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.

NORTH KNOX 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
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			18-19	\$ -	\$ 114,339	\$ -	\$ -
School Breakfast Program			19-20	-	-	-	83,896
COVID-19 - School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			19-20	-	-	-	50,518
Total - School Breakfast Program				-	114,339	-	134,414
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			18-19	-	360,452	-	-
National School Lunch Program			19-20	-	-	-	272,815
Commodities			19-20	-	51,209	-	55,593
Sub-Total - National School Lunch Program				-	411,661	-	328,408
COVID-19 - National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			19-20	-	-	-	90,778
Total - National School Lunch Program				-	411,661	-	419,186
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			18-19	-	9,547	-	-
Total - Child Nutrition Cluster				-	535,547	-	553,600
Total - Department of Agriculture				-	535,547	-	553,600
<b>Department of Education</b>							
Title I Grants to Local Educational Agencies							
2017-18 Title I	Indiana Department of Education	84.010	S010A170014	-	102,284	-	-
2018-19 Title I			S010A180014	-	215,956	-	96,075
2019-20 Title I			S010A190014	-	-	-	249,946
Total - Title I Grants to Local Educational Agencies				-	318,240	-	346,021

NORTH KNOX 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
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
2017 Special Education Grant			14217-032-PN01	-	129,919	-	-
2018 Special Education Grant			18611-032-PN01	-	305,326	-	141,086
2019 Special Education Grant			19611-032-PN01	-	-	-	353,415
Total - Special Education Grants to States				-	435,245	-	494,501
Special Education Preschool Grant	Indiana Department of Education	84.173					
Pre-School 17-18			45716-032-PN01	-	5,803	-	-
Pre-School 18-19			18619-032-PN01	-	11,799	-	8,028
Pre-School 19-20			19619-032-PN01	-	-	-	11,915
Total - Special Education Preschool Grant				-	17,602	-	19,943
Total - Special Education Cluster (IDEA)				-	452,847	-	514,444
Gaining Early Awareness and Readiness for Undergraduate Programs	Indiana Department of Education	84.334					
2018-19			29629	-	7,101	-	-
2019-20			39967	-	-	-	7,814
Total - Gaining Early Awareness and Readiness for Undergraduate Programs				-	7,101	-	7,814
Rural Education	Indiana Department of Education	84.358					
2018-19 Rural and Low Income			S424A180015	-	23,105	-	4,600
2018-19 Rural and Low Income			S358B190014	-	-	-	22,375
Total - Rural Education				-	23,105	-	26,975
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
2017-18 Improving Teacher Quality			S67A170013	-	6,606	-	-
2018-19 Title II Supporting Effective Instruction			S67A180013	-	48,463	-	-
2019-20 Title II Supporting Effective Instruction			S67A190013	-	-	-	45,387
Total - Supporting Effective Instruction State Grants				-	55,069	-	45,387
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424					
2018-19 Title IV Student Support and Academic Enrichment			S424A180015	-	21,785	-	-
2019-20 Title IV Student Support and Academic Enrichment			S424A190015	-	-	-	22,843
Total - Student Support and Academic Enrichment Program				-	21,785	-	22,843
Total - Department of Education				-	878,147	-	963,484
Total federal awards expended				\$ -	\$ 1,413,694	\$ -	\$ 1,517,084

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

NORTH KNOX 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 the Knox County Special Education Cooperative (Cooperative). The Cooperative operates the special education preschool program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented in the SEFA is not presented as receipts and disbursements in the financial statement.

NORTH KNOX 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
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**Section II - Financial Statement Findings**

No matters are reportable.

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

**FINDING 2020-001**

Subject: Child Nutrition Cluster - Suspension and Debarment  
 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  
 CFDA Numbers: 10.553, 10.555, 10.559  
 Federal Award Numbers and Years (or Other Identifying Numbers): 18-19, 19-20  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Procurement and Suspension and Debarment  
 Audit Findings: Material Weakness, Other Matters

NORTH KNOX 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 to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

There were ineffective internal controls to ensure that the School Corporation complied with suspension and debarment requirements. For two of three vendors tested with purchases in excess of \$25,000, the School Corporation did not have documentation verifying that the vendor was not suspended or debarred from participation in federal award programs.

The lack of internal controls and noncompliance were systemic issues 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 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

1. Checking SAM Exclusions; or
2. Collecting a certification from that person; or
3. Adding a clause or condition to the covered transaction with that person."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the Procurement and Suspension and Debarment compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance and comply with the grant agreement and 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 2020-002**

Subject: Special Education Cluster (IDEA) - Procurement

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 18611-032-PN01, 19611-032-PN01,  
18619-032-PN01, 19619-032-PN01,  
14217-032-PN01, 45716-032-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 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 was 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 ensure that the correct procurement method was used, but the internal controls were not properly documented.

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:

NORTH KNOX SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

(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 to ensure compliance with the grant agreement and 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 Procurement and Suspension and Debarment compliance requirement.

*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 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.

#### AUDITEE-PREPARED DOCUMENTS

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

# North Knox School Corporation

## Board of School Trustees

**Elaine Pepmeier**  
President

**V. Max Nickless**  
Vice-President

**Jared Saucerman**  
Secretary

**Kate Hammelman**  
Member

**Michael Mckinley**  
Member

11110 N. STATE ROAD 159

BICKNELL, IN 47512

(812)735-4435

FAX: (812)328-6262

**Dr. Darrel L. Bobe**  
Superintendent

**Terri L. Roesler**  
Treasurer

**Debbie Utt**  
Payroll/Personnel

**Ethan Singleton**  
Technology Coordinator

**Kevin Curtis**  
Director of Buildings & Grounds

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2018-001

Fiscal year in which the finding initially occurred: 2014-16

Status of Audit Finding:

The Food Services Supervisor working in the North Knox Schools verifies the Free and Reduced Price Applications (NSLP) each year. A percentage of the Free and Reduced Price Applications are then reviewed and initialed by the Aramark Food Service Director. Immediately following the completion of the 2014-16 audit, the Corporation Treasurer began reviewing the verifications and initialing School Food Authority (SFA) Verification Collections Reports prior to their submission to the state and has continued this practice to date.

In the absence of the Corporation Treasurer, the Building Principal will review and initial the School Food Authority (SFA) Verification Collections Report.

In the absence of the Corporation Treasurer, the Building Principal will review and initial the School Food Authority (SFA) Verification Collections Report.

# North Knox School Corporation

## Board of School Trustees

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2018-002

Fiscal year in which the finding initially occurred: 2014-16

#### Status of Audit Finding:

The Corporation Treasurer developed a Capital Asset list in March 2018 of food service equipment. As additional equipment is purchased, those items are added to the inventory list. Serial numbers and date of purchase and purchase amount has been included on the spreadsheet. A binder is also maintained containing a copy of the invoice for each item purchased.

The Food Service Supervisor also maintains an inventory list for each kitchen. The Corporation Treasurer and Food Service Supervisor review/compare inventory sheets once a year to check for accuracy. We began this process May of 2018.

Prior to initiating the purchase of any food service equipment over \$5,000, the Treasurer requests approval from the Indiana Department of Education. Purchases are not made without the approval of the DOE and NK Superintendent.

# North Knox School Corporation

## Board of School Trustees

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Technology Coordinator

**Kevin Curtis**  
Director of Buildings & Grounds

## CORRECTIVE ACTION PLAN

### **FINDING 2020-001**

Contact Person Responsible for Corrective Action: Terri Roesler  
Contact Phone Number: 812-735-4434

Views of Responsible Official:

We Concur with the finding

Description of Corrective Action Plan:

Every vendor who receives an initial payment of \$25,000+ or who receives payments within the fiscal year accumulating to \$25,000 or more will be sent a Suspension/Disbarment form to complete.

Anticipated Completion Date:

This process will be put into place effective immediately for all School Nutrition purchases.

# North Knox School Corporation

## Board of School Trustees

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President

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**Jared Saucerman**  
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Member

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BICKNELL, IN 47512

(812)735-4435

FAX: (812)328-6262

**Dr. Darrel L. Bobe**  
Superintendent

**Terri L. Roesler**  
Treasurer

**Debbie Utt**  
Payroll/Personnel

**Ethan Singleton**  
Technology Coordinator

**Kevin Curtis**  
Director of Buildings & Grounds

## CORRECTIVE ACTION PLAN

### **FINDING 2020-002**

Contact Person Responsible for Corrective Action: Terri Roesler  
Contact Phone Number: 812-735-4434

Views of Responsible Official:

We Concur with the finding

Description of Corrective Action Plan:

NKSC will contact the VCSC special education LEA each year to confirm that Suspension/Disbarment documentation is in place for all contracts and/or purchases made with Special Education federal dollars.

Anticipated Completion Date:

This process will be put into place effective immediately.

## 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/>.