

# BROOKS COUNTY BOARD OF EDUCATION
## QUITMAN, GEORGIA

SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

BROOKS COUNTY BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

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# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

**Greg S. Griffin**
STATE AUDITOR
(404) 656-2174


September 21, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
Members of the State Board of Education
and
Superintendent and Members of the
Brooks County Board of Education

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

## Report on Compliance for Each Major Federal Program

We have audited Brooks County Board of Education's (School District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Brooks County Board of Education'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Brooks County Board of Education'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Brooks County Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 Brooks County Board of Education's compliance.

*Basis for Qualified Opinion on Child Nutrition Cluster*

As described in the accompanying Schedule of Findings and Questioned Costs, Brooks County Board of Education did not comply with requirements regarding Child Nutrition Cluster as described in item FA 2014-004 for Procurement and Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for Brooks County Board of Education to comply with requirements applicable to that program.

*Qualified Opinion on Child Nutrition Cluster*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Brooks County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the year ended June 30, 2014.

*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, Brooks County Board of Education 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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2014.

*Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items FA 2014-001, FA 2014-002 and FA 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

Brooks County Board of Education's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Brooks County Board of Education'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 Brooks County Board of Education 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 Brooks County Board of Education'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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Brooks County Board of Education's internal control over compliance.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item FA 2014-004 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items FA 2014-001, FA 2014-002 and FA 2014-003 to be significant deficiencies.

Brooks County Board of Education's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Brooks County Board of Education'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

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# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

**Greg S. Griffin**
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September 21, 2017

Honorable Nathan Deal, Governor
Members of the General Assembly
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and
Superintendent and Members of the
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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Ladies and Gentlemen:

## Report on Schedule of Expenditures of Federal Awards

We have audited the Schedule of Expenditures of Federal Awards of the Brooks County Board of Education (School District) for the year ended June 30, 2014, and the related notes.

### *Management's Responsibility*

Management is responsible for the preparation and fair presentation of the Schedule of Expenditures of Federal Awards in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Schedule of Expenditures of Federal Awards that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the Schedule of Expenditures of Federal Awards based on our audit. We conducted our audit 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Federal Awards is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards of the Brooks County Board of Education for the year ended June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,



Greg S. Griffin
State Auditor

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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# I SUMMARY OF AUDITOR'S RESULTS

## Federal Awards

Internal Control over major programs:

- Material weakness identified? Yes
- Significant deficiencies identified? Yes

Type of auditor's report issued on compliance for major programs:
Unmodified for all major programs except for Child Nutrition Cluster, which was qualified.

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? Yes

Identification of major programs:

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 10.553, 10.555 | Child Nutrition Cluster |
| 84.027, 84.173 | Special Education Cluster |
| 84.287 | Twenty-First Century Community Learning Centers |

Dollar threshold used to distinguish between Type A and Type B programs: $300,000.00

Auditee qualified as low-risk auditee? No

## II FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

| | |
|---|---|
| FA 2014-001 | Inadequate Controls over Expenditures |
| Compliance Requirement: | Activities Allowed or Unallowed<br>Allowable Costs/Cost Principles |
| Internal Control Impact: | Significant Deficiency |
| Compliance Impact: | Nonmaterial Noncompliance |
| Federal Awarding Agency: | U.S. Department of Education |
| Pass-Through Entity: | Georgia Department of Education |
| CFDA Number and Title: | Special Education Cluster (CFDA 84.027 and 84.173) |

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over activities allowed and allowable costs related to the Special Education Cluster.

Criteria:
Provisions of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, require that "to be allowable under Federal awards, costs must be authorized or not prohibited under state or local laws or regulations" and "be adequately documented."

Condition:
A review of seventeen expenditure vouchers for the Special Education Cluster revealed the following deficiencies:

- Two vouchers had no evidence of approval;
- One voucher lacked an invoice or other comparable supporting documentation;
- Two vouchers had no evidence of receipt of goods; and
- One expenditure was recorded in the incorrect period.

Questioned Cost:
None

Cause:
In discussing these conditions with the School District, it was determined that management did not monitor compliance with Federal guidelines to ensure that expenditures charged to the Federal program were approved, properly documented and charged in the appropriate period.

Effect or Potential Effect:
Failure to ensure that expenditures were allowable, approved and properly documented resulted in noncompliance with Federal grant requirements.

Recommendation:
The School District should implement procedures to ensure that all expenditures are allowable under OMB Circular A-87, approved by appropriate management, properly documented and recorded in the appropriate period.

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The School District implemented procedures to ensure that all Special Education expenditures are properly approved and recorded in the appropriate fiscal year and voucher packages contain all required components.

## II FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Estimated Corrective Action Date: September 28, 2016
Contact Person: Marcus Richardson, Special Education Director
Telephone: (229) 263-7521
Fax: (229) 263-7472
E-mail: mrichardson@brooks.k12.ga.us

| | |
|---|---|
| FA 2014-002 | Improper Time and Attendance Records |
| Compliance Requirement: | Allowable Cost/Cost Principles |
| Internal Control Impact: | Significant Deficiency |
| Compliance Impact: | Nonmaterial Noncompliance |
| Federal Awarding Agency: | U.S. Department of Agriculture |
| Pass-Through Entity: | Georgia Department of Education |
| CFDA Number and Title: | Child Nutrition Cluster (CFDA 10.553 and 10.555) |

Description:
We identified deficiencies in internal controls related to employee compensation expenses paid from the Child Nutrition Cluster program.

Criteria:
Provisions of OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, require that salaries be documented as follows:

> "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

Condition:
Testing of employee compensation payments charged to the Child Nutrition Cluster revealed that periodic certification forms were not completed for any employees who worked full time for the Child Nutrition Cluster.

Questioned Cost:
None

Cause:
In discussing these conditions with the School District, they stated that turnover within the School Food Service Director position resulted in the oversight.

Effect or Potential Effect:
Failure to maintain proper time and attendance records resulted in noncompliance with Federal grant requirements.

Recommendation:
The School District should implement procedures to ensure that employee compensation expenses paid from Federal award programs are allowable and properly documented in accordance with OMB Circular A-87.

## II FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The School District has implemented procedures to ensure employee compensation expenditures are properly supported by semi-annual certifications or personnel activity reports as necessary.

Estimated Corrective Action Date: July 1, 2015
Contact Person: Patrina Fordham, School Nutrition Director
Telephone: (229) 263-7531
Fax: (229) 263-7472
E-mail: pfordham@brooks.k12.ga.us

| | |
|---|---|
| FA 2014-003 | Inadequate Controls over Equipment |
| Compliance Requirement: | Equipment and Real Property Management |
| Internal Control Impact: | Significant Deficiency |
| Compliance Impact: | Nonmaterial Noncompliance |
| Federal Awarding Agency: | U.S. Department of Agriculture |
| Pass-Through Entity: | Georgia Department of Education |
| CFDA Number and Title: | Child Nutrition Cluster (CFDA 10.553 and 10.555) |

Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over equipment and real property management as it relates to the Child Nutrition Cluster.

Criteria:
7 CFR §3016.32 (d)(1) states, "Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property." In addition, 7 CFR §3016.32 (d)(2) states, "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Condition:
The School District did not maintain an adequate equipment listing for the Child Nutrition Cluster including information regarding the equipment's cost, acquisition date, location, serial number, percentage of Federal participation in regards to cost, who holds title, use and condition of the property, and ultimate disposal date. The School District also did not perform a physical inventory of the property and reconcile the results to property records.

Questioned Cost:
None

Cause:
In discussing these conditions with the School District, they stated that they were unaware that all property record requirements must be satisfied to comply with Federal regulations. In addition, turnover within the School Food Service Director position resulted in the School District's failure to document the performance of a physical inventory.

## II FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Effect or Potential Effect:
Failure to maintain a proper equipment listing and perform a physical inventory resulted in noncompliance with the Federal grant requirements.

### Recommendation:
The School District should develop and maintain an equipment listing including information on each piece of equipment's cost, acquisition date, location date, serial number, percentage of federal participation, who holds title, use and condition of property, and ultimate disposal date. In addition, an inventory of equipment items on this listing should be conducted at least once every two fiscal years in order to ensure that information on the listing remains valid.

### Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The School District has implemented procedures to ensure that School Nutrition equipment listings contain all components required by Federal regulations and that a physical inventory is performed at least every two years.

Estimated Corrective Action Date: June 30, 2016
Contact Person: Patrina Fordham, School Nutrition Director
Telephone: (229) 263-7531
Fax: (229) 263-7472
E-mail: pfordham@brooks.k12.ga.us

| | |
|---|---|
| FA 2014-004 | Failure to Implement Procurement Procedures |
| Compliance Requirement: | Procurement and Suspension and Debarment |
| Internal Control Impact: | Material Weakness |
| Compliance Impact: | Material Noncompliance |
| Federal Awarding Agency: | U.S. Department of Agriculture |
| Pass-Through Entity: | Georgia Department of Education |
| CFDA Number and Title: | Child Nutrition Cluster (CFDA 10.553 and 10.555) |

### Description:
The policies and procedures of the School District were insufficient to provide adequate internal controls over procurement as it relates to the Child Nutrition Cluster.

### Criteria:
7 CFR §3016.36 (b)(2) states, “Grantees and subgrantees will maintain a contract administration system which ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.” In addition, 7 CFR §3016.36 (b)(9) states, “Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurements. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.”

### Condition:
The School District could not provide bidding records or other comparable documentation to support the rationale for the method of procurement, selection or rejection of contractors, and the basis for the contract price for purchased food, milk or paper supplies associated with the Child Nutrition Cluster. Further, auditors were unable to determine if contractors performed in accordance with the terms, conditions and specifications of their contracts for the twenty-five voucher packages tested.

## II FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

### Questioned Cost:
None

### Cause:
In discussing these conditions with the School District, they stated that turnover within the School Food Service Director position resulted in the oversight.

### Effect or Potential Effect:
Failure to ensure that proper procurement procedures were followed resulted in noncompliance with the Federal grant requirements.

### Recommendation:
The School District should strengthen controls and procedures over the procurement process for Federal program purchases. This should include monitoring to ensure that bidding procedures are executed and documented and that contractors perform in accordance with the terms, conditions, and specifications of their contracts.

### Views of Responsible Officials and Corrective Action Plans:
We concur with this finding. The School District has implemented procedures to ensure that bidding processes are completed appropriately and documentation is maintained to support the method of procurement.

Estimated Corrective Action Date: July 1, 2015
Contact Person: Patrina Fordham, School Nutrition Director
Telephone: (229) 263-7531
Fax: (229) 263-7472
E-mail: pfordham@brooks.k12.ga.us

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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BROOKS COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

| FUNDING AGENCY<br>PROGRAM/GRANT | | CFDA NUMBER | PASS-THROUGH ENTITY ID NUMBER | EXPENDITURES IN PERIOD | |
|---|---|---|---|---|---|
| Agriculture, U. S. Department of | | | | | |
| Child Nutrition Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Food Services | | | | | |
| School Breakfast Program | * | 10.553 | N/A | (2) | |
| National School Lunch Program | * | 10.555 | N/A | $ 1,928,715.66 | (1) |
| Total U.S. Department of Agriculture | | | | 1,928,715.66 | |
| Education, U. S. Department of | | | | | |
| School Improvement Grants Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| ARRA - School Improvement Grants | | 84.388 | N/A | 966,976.71 | |
| School Improvement Grants | | 84.377 | N/A | 336,433.61 | |
| Total School Improvement Grants Cluster | | | | 1,303,410.32 | |
| Special Education Cluster | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| Special Education | | | | | |
| Grants to States | * | 84.027 | N/A | 420,842.00 | |
| Preschool Grants | * | 84.173 | N/A | 14,673.79 | |
| Total Special Education Cluster | | | | 435,515.79 | |
| Other Programs | | | | | |
| Pass-Through From Georgia Department of Education | | | | | |
| ARRA - Race-to-the-Top Incentive Grants | | 84.395 | N/A | 1,467.80 | |
| Career and Technical Education - Basic Grants to States | | 84.048 | N/A | 37,926.91 | |
| Improving Teacher Quality State Grants | | 84.367 | N/A | 204,701.55 | |
| Migrant Education - State Grant Program | | 84.011 | N/A | 78,082.12 | |
| Rural Education | | 84.358 | N/A | 9,388.33 | |
| Title I Grants to Local Educational Agencies | | 84.010 | N/A | 1,473,624.07 | |
| Twenty-First Century Community Learning Centers | * | 84.287 | N/A | 751,408.25 | |
| Total Other Programs | | | | 2,556,599.03 | |
| Total U. S. Department of Education | | | | 4,295,525.14 | |
| Total Expenditures of Federal Awards | | | | $ 6,224,240.80 | |

N/A = Not Available

Notes to the Schedule of Expenditures of Federal Awards

(1) Includes the Federally assigned value of donated commodities for the Food Donation Program in the amount of $66,213.14.
(2) Expenditures for the funds earned on the School Breakfast Program ($491,983.17) were not maintained separately and are included in the 2014 National School Lunch Program.

Major Programs are identified by an asterisk (*) in front of the CFDA number.

The School District did not provide Federal Assistance to any sub recipient.

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the Brooks County Board of Education and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements within the Annual Financial Report.

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AUDITEE'S RESPONSE TO PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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BROOKS COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

| FINDING CONTROL NUMBER | AUDITEE'S RESPONSE/STATUS |
|---|---|
| FA 6141-13-01 | Previously Reported Corrective Action Implemented |