

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

GREENFIELD-CENTRAL COMMUNITY  
SCHOOL CORPORATION  
HANCOCK COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
09/07/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Federal Findings:	
Finding 2015-001 - Internal Controls over Receipts.....	4
Finding 2015-002 - Preparation of the Schedule of Expenditures of Federal Awards .....	4-6
Finding 2015-003 - Cash Management.....	6-7
Finding 2015-004 - Reporting.....	8
Finding 2015-005 - Special Tests and Provisions - Paid Lunch Equity.....	9-10
Finding 2015-006 - Reporting.....	10-11
Finding 2015-007 - Allowable Costs/Cost Principles.....	11-12
Corrective Action Plan.....	13-14
Audit Result and Comment:	
Prepaid Lunch Fund .....	15
Exit Conference.....	16

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Ruthann Fisher	07-01-13 to 12-31-17
Superintendent of Schools	Dr. Linda Gellert Dr. Harold E. Olin	07-01-13 to 06-30-14 07-01-14 to 06-30-18
President of the School Board	Retta Livengood	01-01-13 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE GREENFIELD-CENTRAL COMMUNITY  
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Greenfield-Central Community School Corporation (School Corporation), for the period from July 1, 2013 to June 30, 2015. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa](http://www.in.gov/sboa).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Result and Comment as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings and Official Response to the Audit Result and Comment, incorporated within this report, were not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

July 19, 2017

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS

**FINDING 2015-001 - INTERNAL CONTROLS OVER RECEIPTS**

*Condition*

The School Corporation did not have a proper system of internal control over receipt activities. One individual was in charge of receiving checks and money, preparing the receipts, and making the daily deposits. There was no control in place, such as an oversight, review, approval process, or other compensating control over the individual's activities.

*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. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control related to receipt transactions.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

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

**FINDING 2015-002 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

Due to the lack of controls, the SEFA contained the following errors: The Special Education Cluster (IDEA) grant information for fiscal years 2014 and 2015 were omitted in the amounts of \$1,109,765 and \$1,055,509, respectively. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*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. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § \_\_\_\_\_.310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. 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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual 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 shall 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.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

Management of the School Corporation had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

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

*Views of Responsible Officials*

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

***FINDING 2015-003 - CASH MANAGEMENT***

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. There were no procedures established to ensure that the School Lunch fund cash balances (Net Cash Resources) were maintained in compliance with the Cash Management requirements.

The three months average expenditures of the School Corporation for the School Lunch program for fiscal year 2015 was \$494,430. There were five month-end cash balances during fiscal year 2015 that exceeded the three months average expenditures. The ending balances for those months ranged from \$506,732 to \$558,672. There were no controls over the cash balance (Net Cash Resources) of the School Lunch fund.

*Context*

The lack of controls was a systemic problem during the period audited. Noncompliance occurred during 5 out of the 24 months in the audit period.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

- (iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Cash Management compliance requirement.

*Effect*

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure compliance with the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-004 - REPORTING***

Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Sponsor Claim (claims for reimbursement) were prepared and submitted solely by the Food Service Director. There was no documentation provided to indicate that a control was in place to ensure the Sponsor Claim (claims for reimbursement) were accurate.

*Context*

The lack of controls was a systemic problem during the period audited.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Reporting 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 compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

***FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY***

Federal Agency: Department of Agriculture  
Federal Program: National School Lunch Program  
CFDA Number: 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2014, FY 2015  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

The School Corporation did not have policies or procedures in place to ensure Special Tests and Provisions - Paid Lunch Equity calculation procedures were performed. As a result, no calculations were performed.

*Context*

The lack of controls and noncompliance was a systemic problem during the period audited.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

7 CFR 210.14(e) states in part:

*"Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Cause*

Management had not developed a system of internal controls to ensure that calculations for paid lunch equity were performed.

*Effect*

The failure to establish an effective internal control system resulted in the School Corporation's noncompliance with the grant agreement and the compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

***FINDING 2015-006 - REPORTING***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-3125, 14-3125, 15-3125

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Final Expenditure Reports, required to be submitted at the end of each grant period, were not reviewed by an individual other than the preparer before submission nor was any other control in place to ensure the accuracy of the reports.

*Context*

The lack of controls was a systemic problem during the period audited.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls related to the Final Expenditure Reports.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

**FINDING 2015-007 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-3125, 14-3125, 15-3125

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The Semi-Annual Certifications were not maintained by the School Corporation for employees who worked solely on the Title I programs for the 2013-2014 school year.

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
FEDERAL FINDINGS  
(Continued)

*Context*

The Semi-Annual Certifications were maintained and made available for the 2014-2015 school year. Therefore, the issue was not considered systemic problem.

*Criteria*

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

OMB Circular A-87, Attachment B, section 8h(3) states:

"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."

*Cause*

Management had not developed a system of internal controls that ensured compliance with the Allowable Costs/Cost Principles requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, and ensure compliance with the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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



July 19, 2017

Dr. Harold E. Olin,  
Superintendent

Mrs. Ann C. Vail,  
Associate Superintendent

Mr. Tony Zurwell,  
Business Manager

Dr. Christina L. Hilton,  
Assistant Superintendent

Corrective Action Plan

***Finding 2015-001***

Contact person Responsible for Corrective Action:	Ruthann Fisher
Contact phone number:	317-462-4434
Completion Date:	Corrective Action will be in place before school resumes in August

All monies will be directed to the payroll clerk. She will log revenue before giving monies to the Treasurer. The Treasurer will deposit and post receipts. A Posting report will be given to the payroll clerk to track deposits by the Treasurer.

***Finding 2015-002***

Contact person Responsible for Corrective Action	Ruthann Fisher
Contact phone number;	317-462-4434
Completion Date:	Corrective Action corrected before exit conference

Omission of Commodities for the Child Nutrition Cluster was an oversight. We will include it in all future reports. The Special Education Cluster did not fall under our direction during this time; therefore, it was not included in the SEFA.

***Finding 2015-003***

Contact Person Responsible for Corrective Action:	Tony Zurwell
Contact phone number;	317-462-4434
Completion Date:	June 2017

Net cash resources exceeded a three-month average of expenditures some months. To establish a control point, the Administrative Support Specialist will create a food service fund cashflow document at the end of each month. The Business Manager will review this document to assess whether the cash balance is appropriate.

**Finding 2015-004**

Contact Person Responsible for Corrective Action:	Tony Zurwell
Contact phone number:	317-462-4434
Completion Date:	August 2017

There was no documentation that reimbursement requests were reviewed. Beginning with the next reimbursement requests, the Business Manager will document review of the submissions from the Food Service Director.

**Finding 2015-005**

Contact Person Responsible for Corrective Action:	Tony Zurwell
Contact phone number:	317-462-4434
Completion Date:	Already Corrected

During this audit cycle a former Food Service Director performed the lunch pricing manually. Currently we use the Paid Lunch Equity tool provided by the Department of Education. This tool is used by the Administrative Support Specialist to establish a lunch price threshold. The Business Manager reviews the results for accuracy and to assess compliance.

**Finding 2015-006**

Contact Person Responsible for Corrective Action:	Amanda Bradford
Contact phone number:	317-462-4434
Completion Date:	Corrective Action Implemented prior to Exit Conference

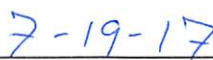
Title I Director will approve final expenditure report before submission.

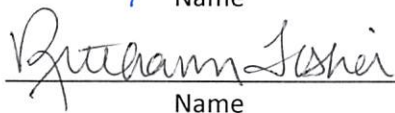
**Finding 2015-007**

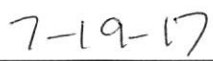
Contact Person Responsible for Corrective Action:	Amanda Bradford
Contact phone number:	317-462-4434
Completion Date:	Corrective Action Implemented prior to Exit Conference

Semi-annual certifications were not maintained the 2013-2014 school year; however, they have been maintained since that year. The Title I Director will assure ongoing compliance.

  
Name

  
Date

  
Name

  
Date

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
AUDIT RESULT AND COMMENT

***PREPAID LUNCH FUND***

Prepaid lunch receipts were not placed in Fund 8400-Prepaid Lunch, a clearing account, but were instead accounted for in the School Lunch fund, Fund 800. The entire amount of prepaid lunch receipts were recognized in the School Lunch fund at the time of receipt as revenue and not as applied from the clearing account as students consumed their individual account balances.

Our opinion is that money a student puts into their individual meal account should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while it is in the student's individual account the balance should not be included in Fund 800 School Lunch. Our recommendation is that you set up a clearing account with the fund number of 8400. Our suggestion is when a student brings in a deposit the receipt would be recorded to fund 8400 using receipt account number 1630. Periodically, after the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 and receipt it into fund 800 using receipt accounts 1611-1623. At this point it is considered program income and should be included on any reports that are required to be completed. (The School Bulletin and Uniform Compliance Guidelines, September 2015)

GREENFIELD-CENTRAL COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2017, with Ruthann Fisher, Treasurer; Retta Livengood, President of the School Board; Dr. Harold E. Olin, Superintendent of Schools; JoAnn Slunaker, Deputy Treasurer; and Tony Zurwell, Business Manager.