

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

SUPPLEMENTAL COMPLIANCE REPORT  
OF

COMMUNITY SCHOOL CORPORATION  
OF EASTERN HANCOCK COUNTY  
HANCOCK COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**  
12/11/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jill Muegge	07-01-13 to 12-31-14
	Kara Horseman	01-01-15 to 08-31-15
	Jill Muegge (interim)	09-01-15 to 02-28-16
	Adam Kinder	02-29-16 to 12-31-17
Superintendent of Schools	Randy Harris	07-01-13 to 06-30-14
	Steve Welsh (interim)	07-01-14 to 12-31-15
	Vicki McGuire	01-01-16 to 12-31-17
President of the School Board	Scott Petry	07-01-13 to 12-31-15
	Thomas Younts	01-01-16 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE COMMUNITY SCHOOL CORPORATION OF  
EASTERN HANCOCK COUNTY, HANCOCK COUNTY, INDIANA

This report is supplemental to our audit report of the Community School Corporation of Eastern Hancock County (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 Results and Comments 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 Results and Comments contained herein describe the identified reportable instances 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, incorporated within this report, was not verified for accuracy.

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

October 26, 2017

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS

***FINDING 2015-001***

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

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*Condition*

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system used to compile the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the federal award information entered into Gateway without a control process in place to ensure its accuracy before submission.

*Context*

Due to the lack of controls, the following errors occurred on the SEFA:

1. The School Breakfast Program and National School Lunch Program were understated by \$70,679 for the fiscal year 2013-2014 and overstated by \$46,458 for fiscal year 2014-2015.
2. The Special Education\_Grants to States and Special Education\_Preschool Grants were not included, resulting in an understatement of \$291,419 for fiscal year 2013-2014 and \$284,340 for fiscal year 2014-2015.
3. Information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were either incorrectly reported or omitted.

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. . . .

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

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.
- (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 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, misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended the School Corporation's management establish controls, including segregation of duties, related to the SEFA.

*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**

Subject: Child Nutrition Cluster - Activities Allowed and Unallowed,  
Allowable Costs/Cost Principles, Cash Management

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY 14 / FY 15

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed and Unallowed, Allowable Costs/  
Cost Principles, Cash Management

Audit Finding: Material Weakness

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 following compliance requirements: Activities Allowed and Unallowed, Allowable Costs/Cost Principles, and Cash Management.

*Context*

The lack of controls over the Activities Allowed and Unallowed, Allowable Costs/Cost Principles, Cash Management compliance requirements were systemic issues throughout the audit period.

*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 for the Activities Allowed and Unallowed, Allowable Costs/Cost Principles, Cash Management compliance requirements.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

*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 requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Activities Allowed and Unallowed, Allowable Costs/Cost Principles, Cash Management compliance requirements.

*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**

Subject: Child Nutrition Cluster - Equipment and Real Property Management  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 14 / FY 15  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Equipment and Real Property Management  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 Equipment and Real Property Management compliance requirement.

The School Corporation was not in compliance with the requirements for the Equipment and Real Property Management compliance requirement. Equipment was purchased for the programs during the audit period, but inventory or property records had not been updated for the purchase. There was no evidence of a control, such as an oversight, review, and approval process, to ensure that inventory or property records were maintained.

*Context*

The inventory records provided were last updated through June 20, 2013, and did not include equipment that was purchased during the audit period. The lack of controls was a systemic problem for the period audited.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
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 3016.32(d) states:

"*Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) 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.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

*Cause*

Management of the School Corporation had not established an effective internal control system that would have ensured that the requirements over the Equipment and Real Property Management compliance requirement were being met.

*Effect*

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with the Equipment and Real Property Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management establish a system with internal controls to ensure that the School Corporation is in compliance with the grant agreement and the compliance requirement listed above.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

*Views of Responsible Officials*

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

**FINDING 2015-004**

Subject: Child Nutrition Cluster - Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Years: FY 14 / FY 15  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 Suspension and Debarment compliance requirement.

The School Corporation did not verify that the contracted vendors were not suspended or debarred during the audit period. There was no evidence of a control, such as an oversight, review, and approval process, to ensure that compliance with the Suspension and Debarment requirements were maintained.

*Context*

The lack of controls and noncompliance were systemic problems for 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. . . ."

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:

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Cause*

Management of the School Corporation had not established an effective internal control system that would have ensured that requirements over the Suspension and Debarment compliance requirement were being met.

*Effect*

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with the Suspension and Debarment compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that management establish a system with internal controls to ensure that the School Corporation was in 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.

**FINDING 2015-005**

Subject: Child Nutrition Cluster - Eligibility, Program Income, Reporting,  
and Special Tests and Provisions - Verification of Free and Reduced  
Price Applications (NSLP) and National School Lunch Program - Special  
Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Years: FY 14 / FY 15

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Program Income, Reporting, Special  
Tests and Provisions - Verification of Free and Reduced  
Price Applications (NSLP), Special Tests and  
Provisions - Paid Lunch Equity

Audit Findings: Material Weakness, Modified Opinion/Scope Limitation

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

*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 following compliance requirements: Eligibility, Program Income, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity.

The School Corporation was unable to locate accounting records needed to complete the audit including sales reports, eligibility determinations, verification summaries, verifications, and paid lunch equity calculations for the audit period and; therefore, compliance related to the Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements could not be tested.

*Context*

The lack of controls and missing records were systemic problems throughout the audit period.

*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 3016.20(b)(2) states:

"*Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

*Cause*

Management had not developed a system of internal controls that would have ensured that accounting records were made available for audit.

*Effect*

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation was maintained and made available for audit relating to the Eligibility, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

*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**

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

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-027-PN01, 14213-027-PN01,  
14214-027-PN01, 14215-027-PN01,  
45713-027-PN01, 45714-027-PN01,  
45715-027-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is not a repeat finding from the immediate prior year.

*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 School Corporation did not maintain or complete Semi-Annual Certifications and Personnel Activity Reports for employees whose salaries were charged to the programs.

*Context*

The lack of internal controls and noncompliance was systemic during the period under audit.

*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. . . ."

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
FEDERAL FINDINGS  
(Continued)

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (3) 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.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed an effective system of internal controls to ensure that all requirements related to the Allowable Costs/Cost Principles compliance requirement of the grant were met.

*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 related to the grant agreement and requirements related to the Allowable Costs/Cost Principles compliance requirement to ensure compliance with the requirements listed above.

*Views of Responsible Officials*

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

# CSC of Eastern Hancock County

10370 East County Road 250 North • Charlottesville, IN 46117 • www.easternhancock.org  
(317) 936-5444 Phone • (317) 467-0064 Phone • (317) 936-5516 Fax

## **FINDING 2015-001**


Contact Person Responsible for Corrective Action: Adam Kinder, Business Manager  
Contact Phone Number: (317) 936-5444

Views of the Responsible Official: Community School Corporation of Eastern Hancock agrees with the above finding.

### Description of Corrective Action Plan:

The Community School Corporation will work to segregate duties to help improve internal controls on all state and federal grants. Any grant will be reviewed by the business manager and superintendent prior to submission. All future SEFA's will be reviewed by the individual responsible for the grant, reviewed and input by the business manager and signed off on by the superintendent prior to submission.

Anticipated Completion Date: January 2018

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

*Business Manager*  
\_\_\_\_\_  
(Title)

*10-18-17*  
\_\_\_\_\_  
(Date)

# CSC of Eastern Hancock County

10370 East County Road 250 North • Charlottesville, IN 46117 • www.easternhancock.org  
(317) 936-5444 Phone • (317) 467-0064 Phone • (317) 936-5516 Fax

## **Finding 2015-002**

Contact Person Responsible for Corrective Action: Tracy Wilson, Food Service Director  
Contact Phone Number: (317) 936-5829

Views of the Responsible Official: Community School Corporation of Eastern Hancock agrees with the above finding.

### **Description of Corrective Action Plan:**

The Community School Corporation of Eastern Hancock will work to correct the cash management practices of the School Breakfast and National School Lunch Program. The cash balance and program activities related to cash management will be monitored monthly to ensure compliance with laws, regulations and provisions of contracts or grant agreements. The food service director and the business manager will work to implement proper internal controls and provide oversight to the program moving forward.

Anticipated Completion Date: January 2018

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

*FOOD SERVICE DIR*  
\_\_\_\_\_  
(Title)

*10/18/17*  
\_\_\_\_\_  
(Date)

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## **Finding 2015-003**


Contact Person Responsible for Corrective Action: Tracy Wilson, Food Service Director  
Contact Phone Number: (317) 936-5829

Views of Responsible Official: Community School Corporation of Eastern Hancock agrees with the above finding.

### Description of Corrective Action Plan:

The Community School Corporation of Eastern Hancock will work to implement internal controls, including segregation of duties, to meet inventory requirements related to equipment and real property records under the School Breakfast and National School Lunch Programs.

Anticipated Completion Date: January 2018

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

*FOOD SERVICE DIR.*  
\_\_\_\_\_  
(Title)

*10/18/17*  
\_\_\_\_\_  
(Date)

# CSC of Eastern Hancock County

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(317) 936-5444 Phone • (317) 467-0064 Phone • (317) 936-5516 Fax

## **Finding 2015-004**

Contact Person Responsible for Corrective Action: Tracy Wilson, Food Service Director  
Contact Phone Number: (317) 936-5829

Views of Responsible Official: Community School Corporation of Eastern Hancock agrees with the above finding.

### Description of Corrective Action Plan:

The Community School Corporation of Eastern Hancock will confirm any vendors awarded contracts under the School Breakfast and National School Lunch Program are not suspended or debarred entities. The food service director will be responsible for checking SAM.gov, collecting a certification from the entity and maintaining proper records of approved vendors.

Anticipated Completion Date: January 2018

Jy Zil  
(Signature)

FOOD SERVICE DIR.  
(Title)

10/18/17  
(Date)

# CSC of Eastern Hancock County

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## **Finding 2015-005**

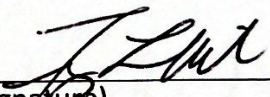
Contact Person Responsible for Corrective Action: Tracy Wilson, Food Service Director  
Contact Phone Number: (317) 936-5829

Views of Responsible Official: Community School Corporation of Eastern Hancock agrees with the above finding.

### Description of Corrective Action Plan:

The Community School Corporation of Eastern Hancock will work to establish effective internal controls, with segregated duties, for the verifications and paid lunch equity as related to the School Breakfast and National Lunch Program. Effective controls will be implemented to comply with the grant requirement which includes eligibility verification, program income, reporting, as well as file and maintain all records as required by the grant.

Anticipated Completion Date: January 2018

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

FOOD SERVICE DIR.  
\_\_\_\_\_  
(Title)

10/18/17  
\_\_\_\_\_  
(Date)

**Vicki McGuire**  
Superintendent

**Adam Kinder**  
Business Manager

**Trisha Armstrong**  
Director of Technology

**Jennifer Goble**  
HR Specialist

-18-

**Kathy Clark**  
Director of Special Education

**Tracy McCarty**  
Executive Secretary

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## **Finding 2015-006**

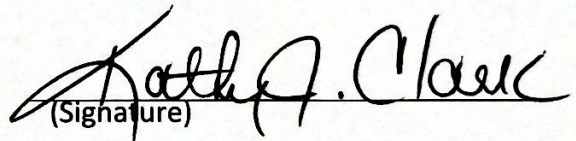
Contact Person Responsible for Corrective Action: Kathy Clark, Special Education Director  
Contact Phone Number: (317) 936-5444

Views of Responsible Official: Community School Corporation of Eastern Hancock agrees with the above finding.

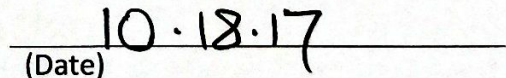
### Description of Corrective Action Plan:

The Community School Corporation of Eastern Hancock will work to establish effective internal controls, with segregated duties, to maintain proper records for any personnel paid from IDEA, Part B and Special Education Grants including IDEA Preschool. Requirements will be implemented to ensure either a semiannual certification or personnel activity reports for salaries charged to federal programs will be completed and retained for record keeping and for compliance.

Anticipated Completion Date: January 2018

  
(Signature)

  
(Title)

  
(Date)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The financial statement included the following funds with overdrawn cash balances at June 30, 2015:

<u>Fund</u>	<u>Amount Overdrawn</u>
School Lunch	\$ 50,430
Textbook Rental	9,834
Safe Hire Fees	2,734

A similar comment appeared in prior Report B43467.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**PRESCRIBED FORMS**

The School Corporation did not use the prescribed forms for claims paid for payroll benefits and deductions.

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

COMMUNITY SCHOOL CORPORATION OF EASTERN HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2017, with Thomas Younts, President of the School Board; Vicki McGuire, Superintendent of Schools; and Adam Kinder, Treasurer.